Westside Development Corporation
Market Analysis

Completed by:

Steve Nivin, Ph.D., Adrian Perez, Julia Silverman, Jeanette Nelson Blankenship, Eliza Hernandez, and Sarah Farwell

June 23, 2008

Table of Contents

List of Tables

List of Charts

List of Maps

List of Exhibits

Executive Summary

The purpose of this study is to analyze the demographic and socio-economic trends of the Westside Development Corporation (WDC) area and to provide recommendations for development. Along with analyzing the data for the WDC area, four local comparison areas on the north, northeast, east, and south sections of San Antonio were also selected to provide a baseline for measuring the success of development in the WDC area. Three areas outside of the WDC area were also selected for analysis. These areas were selected on the basis that they were once areas with similar characteristics to the WDC area but have implemented successful development programs. These areas provide examples of what can be achieved in the WDC area as well as provide best practices in certain elements of the development process.

The WDC area is a densely populated area with over 106,000 people residing in the area - about twice the population of the comparison areas. The population is almost entirely Hispanic with a median age of 30 years. The area is the least educated among the comparison areas. As of 2000, 34.7% of the population had less than a ninth grade education and 57.5% do not have a high school diploma. Only 2.3% of the population greater than twenty-five years old has a bachelor's degree and 1.5% of the population has a graduate or professional degree.

Given the high correlation between education and income, it is not surprising that this area is also the poorest among the different areas analyzed with an estimated per capita income in 2007 of $9,925, compared to $21,850 for San Antonio and $42,335 for the population in the north area. Per capita income in the WDC is forecast to increase to $11,069 by 2012. As might be expected given the income data, 32.8% of the population in the WDC area was living below the poverty line as of 2000. The net worth numbers indicate that 43.5% of the households in the WDC area have a net worth of less than $15,000, compared to 6.9% who have a net worth of more than $500,000. The unemployment rate of the labor force in the WDC area was projected to be 12.7% with most of those employed working in blue-collar jobs.

There is also a strong correlation between ecuation and health. According to the U.S. Surgeon General, "an adequate education is critical for reducing [health] disparities." San Antonio Metro Health reports that of 2,079 births in the Westside Development Corporation Area in 2006, Medicaid funded 72%. Those most at risk for being uninsured are single, young women working part-time or unemployed. Sixty three percent of births were to single mothers, who, along with their children, are among the poorest in our community. According to Metro Health, 53% of births were to mothers with less than a high school education and 39% of mothers delayed seeking prenatal care. Factors contributing to this delay include financial problems, substance abuse, depression, domestic violence and/or legal status (undocumented). Additionally, early deaths due to chronic disease affect a sizeable portion of the population in the WDC area. In fact, approximately 32% of all deaths in this area occurred among persons under the age of 65, compared to 17% nationally, according to Metro Health. In economic terms, this is a large loss of the workforce in their prime years of productivity. A more complete approach to healthcare would be a greater focus on chronic disease through Health and Wellness centers.

The housing stock in the WDC area is relatively old with 77.3% of the houses built before 1969. The median year the structures were built is 1956. There is also evidence that many of these houses have not been maintained very well. The median home value is projected to be $49,432 for 2007. Homeownership rates in the WDC area at 55.7% are comparable to those for the entire city.

Crime activity in the WDC area is slightly lower than that for all of San Antonio per 1,000 residents. It is also slightly lower than the east and south areas, but considerably higher than the north area.

An analysis of the market for potential retail development was also conducted. As might be expected from the income levels, there is not much disposable income in the area, and as indicated by the spending potential indices for various goods and services, there is also not much spending potential in the area. Psychographic data, traffic counts, and leakage data were also analyzed. The focus of the analysis was within five and ten minute drive times from the approximate center of the WDC area. The ten minute drive time brings in a wealthier market segment from which appropriate retail development within the WDC area might draw consumers. The analysis indicates that there is some market potential for clothing stores, electronic and appliance stores, furniture stores, and department stores.

Before industry attraction becomes a larger component of the economic revitalization effort in the area, much work needs to be done on the economic foundation of the WDC area. In light of this fact, an analysis was conducted to learn which industries might be candidates for attraction to the area in short- to mid-term. The analysis showed that industries with the following characteristics could be targets for attraction to the area.

1.) Utilization of large pool of manual labor
2.) Not dependent upon foot or auto traffic for sales
3.) Deal primarily in high volume production
4.) People-dependent (not cost-effectively automated) production, processing, or distribution
5.) Production for regional, national, or international markets where central United States location is an advantage in supply chain management
6.) Low to moderate power consumption operations
7.) Government contracting for products that can utilize all other variables

8.) Utilization of trade skills such as sign making or various types of specialized construction skills

In short, the area is most likely to be able to attract certain types of manufacturing that fit these characteristics.

The three case study areas outside of the WDC area analyzed were the Figuerroa Corridor in Los Angeles, CA; Avenues West in Milwaukee, WI; and the Oak Park Neighborhood in Sacramentio, CA. All of these areas were economically depressed at one time and faced serious development challenges, and all of them have implemented different types of programs that have successfully revitalized their respective areas. These areas not only show that areas like the WDC area can be revitalized, but they provide some valuable lessons on techniques that could facilitate economic development.

The main catalyst to development in the Figuerroa Corridor was the establishment of a Housing Trust Fund by the City of Los Angeles that was used to encourage the development of affordable housing in the face of gentrification. The Housing Trust Fund provides money for a variety of affordable housing development and preservation needs using loans or grants for predevelopment, acquisition, development, new construction, rehabilitation, or restoration of rental or ownership housing. Ten projects have received financial commitments from this program totaling $15.2 million for the development of 527 units, of which 518 are earmarked for households earning below 60 percent of area median income.

The Avenues West neighborhood in Milwaukee provides a model example of the role a university can play in the economic development and revitalization of the surrounding neighborhood. The neighborhood around Marquette University had become so depressed that the university was actually considering moving. Instead, the decision was made to try to revitalize the area. Marquette's Campus Circle Initiative started as an initiative to improve the housing stock, and it has been so successful that it has blossomed into a full redevelopment effort. Examples of their success are:

- Bought and managed more than 1,000 units of housing (with a mix of students and other residents).
- Rehabilitated 188 units without raising rents.
- Developed tenant councils to foster resident empowerment.
- Established a community-oriented policing project that helped decrease crime by 34 percent in 2 1/2 years.
- Constructed 84,000 square feet of rental commercial space.
- Attracted 13 new retail businesses to the area.
- Formed more than 20 partnerships with area landlords, the police department, businesses, social service agencies, homeless care providers, and residents.

- Surpassed its goal of using minority-owned, woman-owned, and disadvantaged businesses in 25 percent of its construction and professional services.
- Constructed 153 units of off-campus student housing.[1]
- Contributed more than 65,000 hours of faculty, staff, and student volunteer time in 1995.

The Oak Park neighborhood in Sacramento suffered many years of decline as people left the area for the newer suburbs with inexpensive homes. Key strategies used in Oak Park to promote revitalization and maintain affordable housing include rehabilitation through the Boarded and Vacant Homes Program (BVHP) and infill development through the Vacant Lot Development Program (VLDP). The BVHP gives developers a $10,000 fee for properties in target areas, $15,000 in redevelopment areas, and $20,000 in the Oak Park redevelopment area, for the acquisition and rehabilitation of a single-family boarded and vacant home. In a five-year period between 1997 and 2002, more than 115 homes were acquired citywide through BVHP and 101 were sold to owner-occupants. In total, 119 properties have been acquired, rehabilitated, and sold to low- and moderate-income homebuyers. Of the 119 homes, 24 have been completed in Oak Park with two pending.

Developers participating in the VLDP receive a fee for the acquisition and development of a single-family residential vacant lot in the amount of $7,500 for a two-bedroom/two-bath house, $20,000 for a three-bedroom/two-bath house, and $25,000 for a four-bedroom/two-bath house. The initial allocation of $200,000 for Oak Park was used immediately for the construction of eight new homes.

While the WDC area certainly has some foundational issues that need to be addressed in order to facilitate development, the area is home to some significant assets that provide a strong base for development. There are three universities – St. Mary's University, Our Lady of the Lake University, and the UTSA Downtown campus – located within the WDC area. The Texas Diabetes Institute is also located in the area. The WDC area also has a significant arts and cultural heritage as many renowned artists have come from the area and several arts organizations call the area home.

Building upon this base, development recommendations are provided with a focus on providing a balanced approach and developing the foundation for long-term growth in the area. The recommendations are:

1. Improve education and workforce development at all levels
   - Create a WDC Education and Workforce Development Task Force
   - Create a joint use facility focused on arts, education, and service
2. Pursue mixed use developments

1

3. Implement an artist relocation program
4. Develop an artisan village
5. Engage in an effort to attract companies from appropriate industries
6. Pursue attraction of appropriate retail, especially within mixed-use developments
7. Pursue development of an incubator or business park focused on the creative industry near the downtown area
8. Encourage the universities in the area to get more involved in economic development
9. Create more festivals and events
10. Develop live/work spaces for artists and creative businesses
11. Enhance and develop the amenities of the area
12. Develop housing programs
13. Work with MetroHealth and other healthcare providers to improve the health of the WDC population, including the creation of Health and Wellness Centers

Many of these recommendations focus on creating markets within the WDC area, which is important given the demographics and economics of the area. There are also synergies among many of the recommendations that will allow them to hopefully feed off of one another and further catalyze development.

Demographic and Socio-economic Comparison

Population, Households, and Household Size

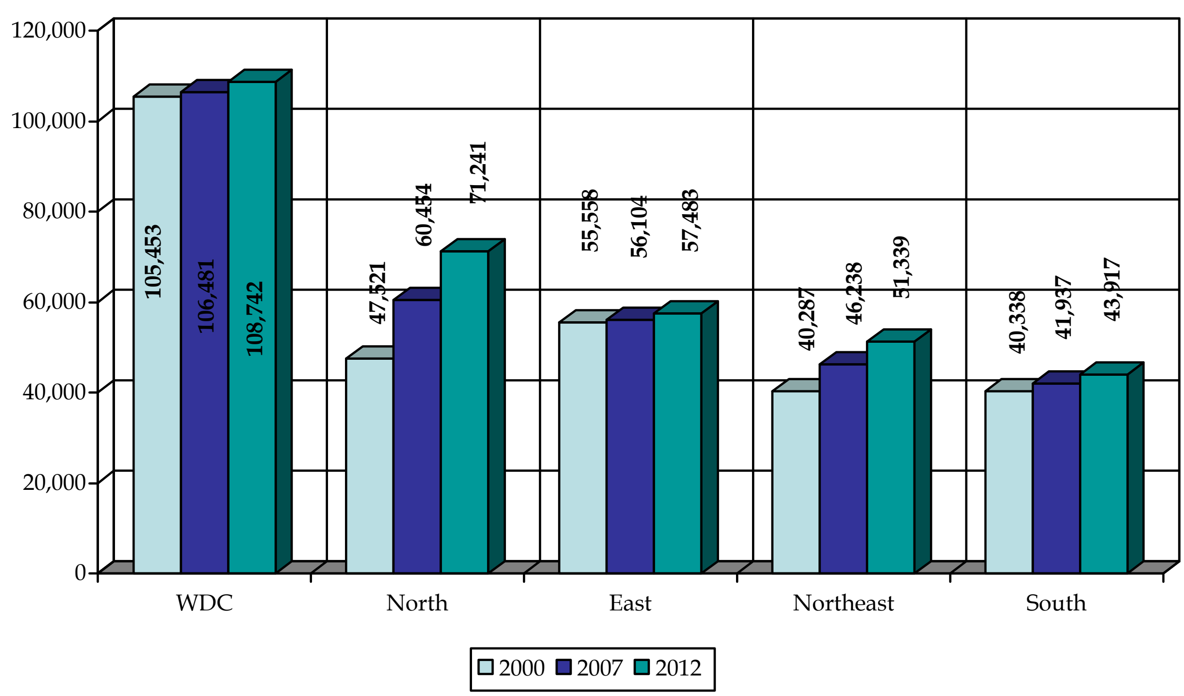
As shown in Table 1, The Westside is densely populated, with between 50% and 150% more residents than the comparison areas within San Antonio. The dense population also reflects the highest number of households of any of the study areas and the household size is the highest of any of the areas except the South.

Table 1: Comparison of Population, Households and Household Size

2007	San Antonio	WDC	South	East	North	NE
Population	1,259,735	106,481	41,937	56,104	60,454	46,238
Households	445,438	29,483	11,676	19,010	23,526	16,980
Number of Persons Per Household	2.77	3.40	3.56	2.90	2.55	2.70

As in all of the comparison areas, the population in the WDC area is projected to increase to 108,742 by 2012 as shown in Chart 1. With a growth rate of 2.12% since 2007, the WDC area is expected to experience the slowest population growth among the comparison areas. The North area will experience the fastest growth at 17.84%.

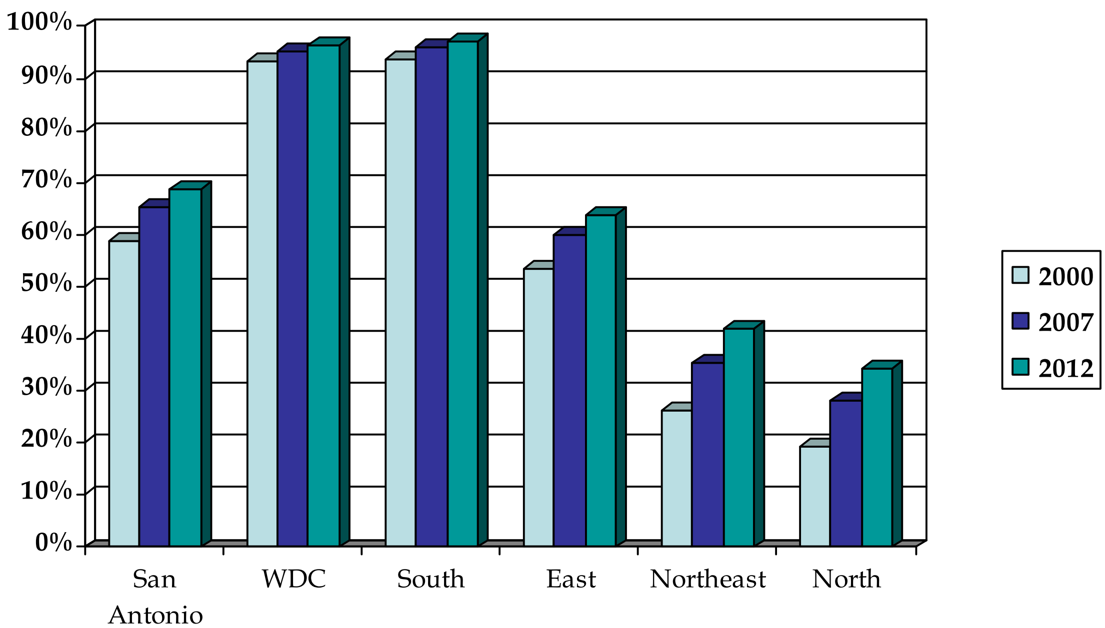
Chart 1: Population Projections



Ethnicity

While the majority of the population in San Antonio is Hispanic, the Westside and the South areas are almost entirely Hispanic, as shown in the following graph.

Chart 2: Percentage Population by Ethnicity



Note: The race data are presented in the appendix.

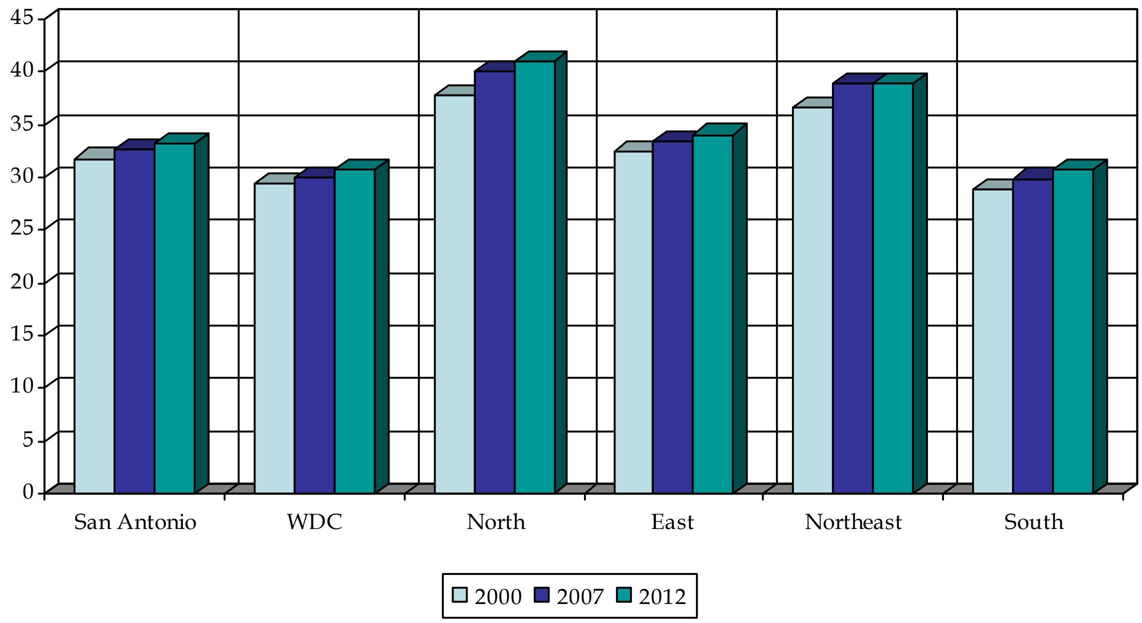
Median Age

The Westside has a younger population than San Antonio as a whole; a median age of 30 for the WDC vs. 32.7 for San Antonio in 2007. It is forecast that by 2012 the median of the population in the WDC will rise to 30.7 years of age, and it will have the youngest population compared to all of the other areas.

Table 2: 2007 Median Age

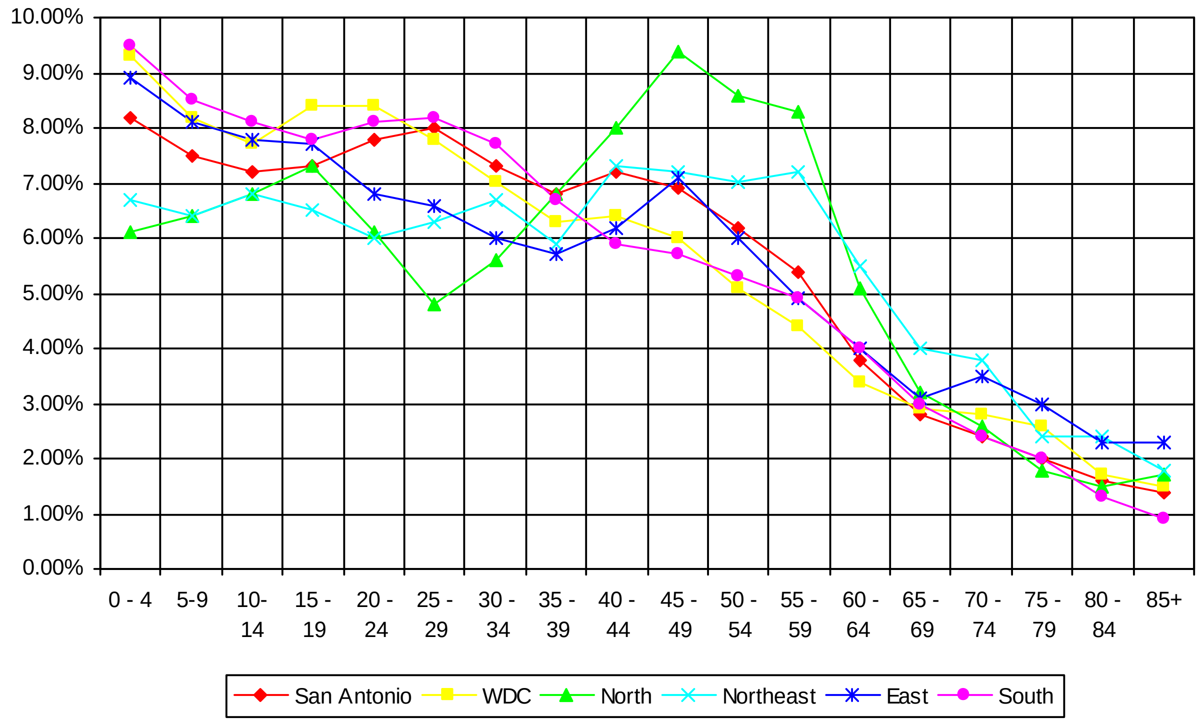
San Antonio	WDC	North	East	Northeast	South
32.70	30.00	40.10	33.40	38.90	29.90

Chart 3: Median Age Projections for Comparison Areas



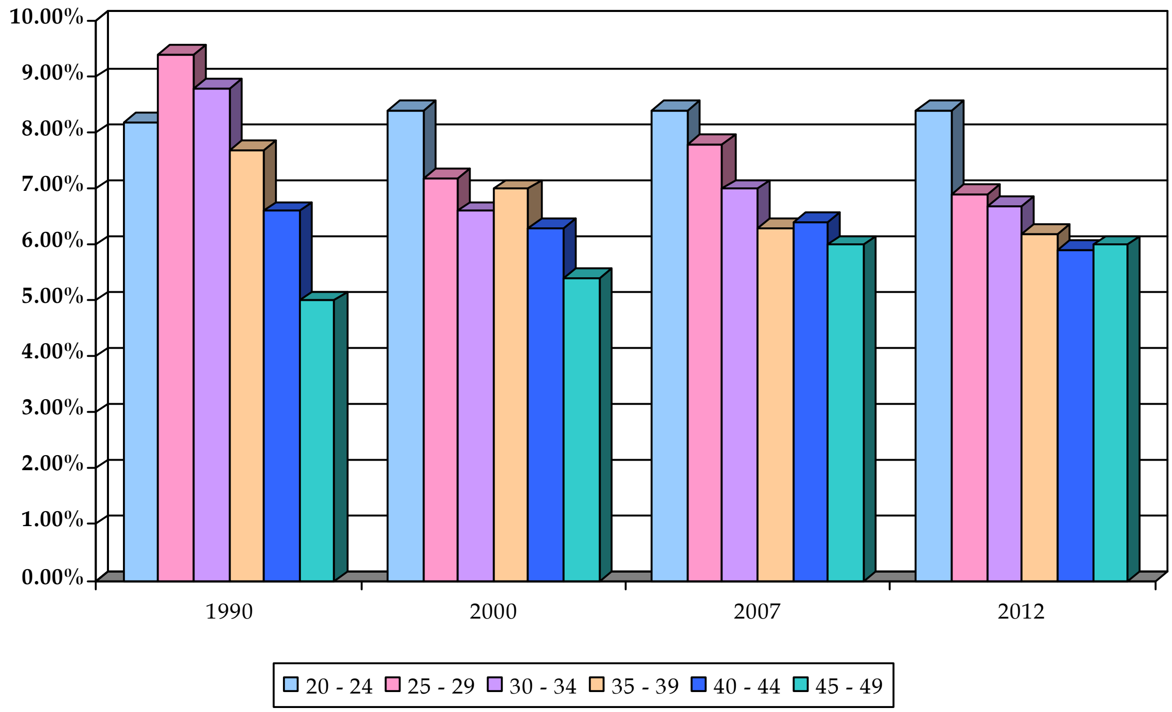
Some of the data support the hypothesis that as people move up the economic ladder, there is a tendency for them to leave the WDC area. Chart 4 data may provide indication of this phenomenon. The WDC has the highest percentage of the population in the 15-24 year age group, and the percentage of the population by age group declines into the older age goups. On the other hand, the North and Northeast have the highest percentage of the population in the 40-74 year age groups, while the WDC has the lowest percentage of the population in these age groups. This means that the highest percentage of people living in the North and Northeast are in their prime earning years. The WDC, though, may be experiencing some out-migration to these other areas as some in their population climb the economic ladder. This potential movement of people affects the median age.

Chart 4: 2007 Forecast % Population by Age



The chart below also shows the possible outward migration of the 25-29 and 30-34 age groups over time, from 1990 to 2012. This is indicated by the decline in the relative size of the cohort in the 20-24 and 25-29 age groups in 1990 as they move into the older age brackets over time.

Chart 5: WDC Percentage Population by Age



Economic Analysis

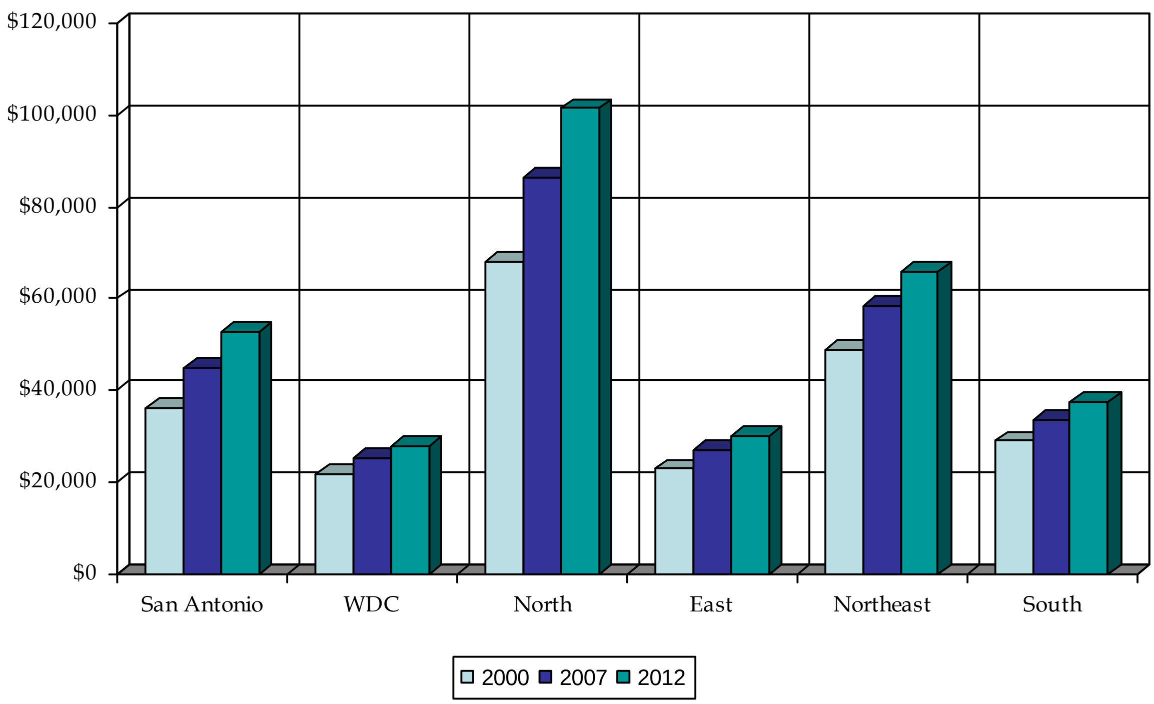
Of the five different areas analyzed, the WDC has the lowest per capita income, projected to be $9,925 in 2007. This income figure is well below the San Antonio projected per capita income of $21,850 in 2007.

The WDC median household income of $25,260 is also well below the San Antonio median household income of $45,021 as of 2007 and has been growing at a slower rate. The forecasted growth to 2012 is $28,065, an 11.92% rate, trailing the forecasted San Antonio growth rate of 17.65%. Median household income in San Antonio is forecast to reach $52,968 by 2012.

Table 3: Income Across Comparison Areas

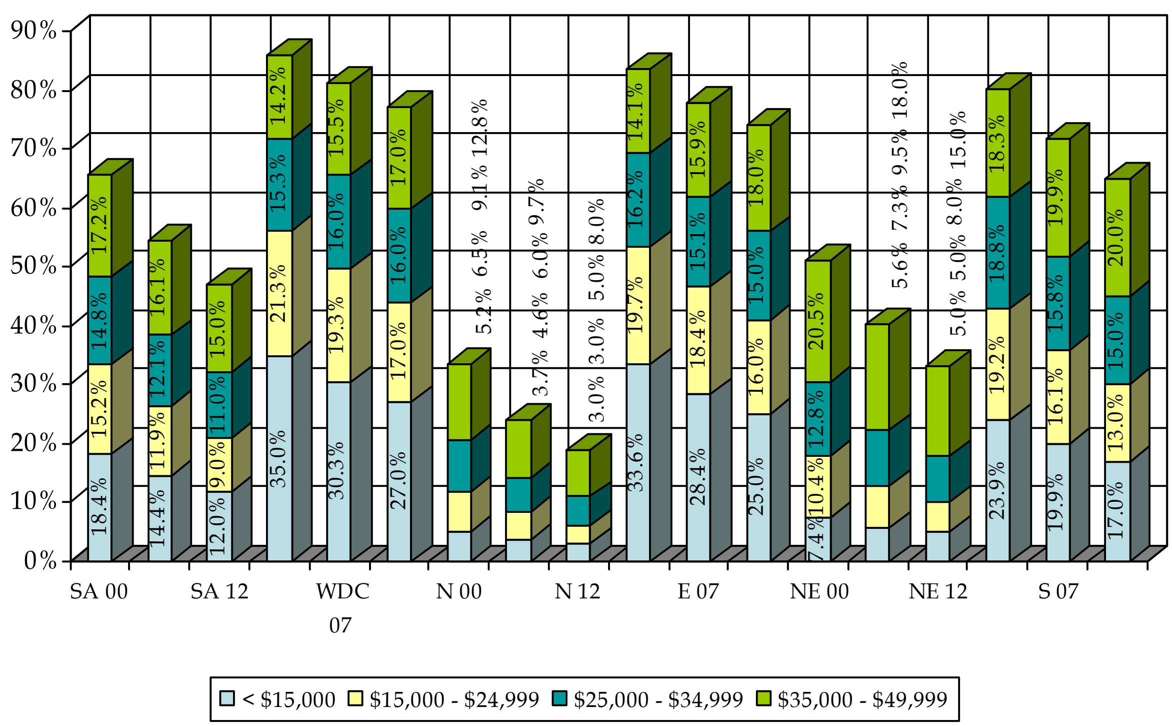
2007	San Antonio	WDC	South	East	North	NE
Per Capita Income	$ 21,850	$ 9,925	$ 11,386	$ 12,219	$ 42,335	$ 24,924
Median HH Income	$ 45,021	$ 25,160	$ 33,574	$ 26,918	$ 86,207	$ 58,370

Chart 6: Median Household Income Projections



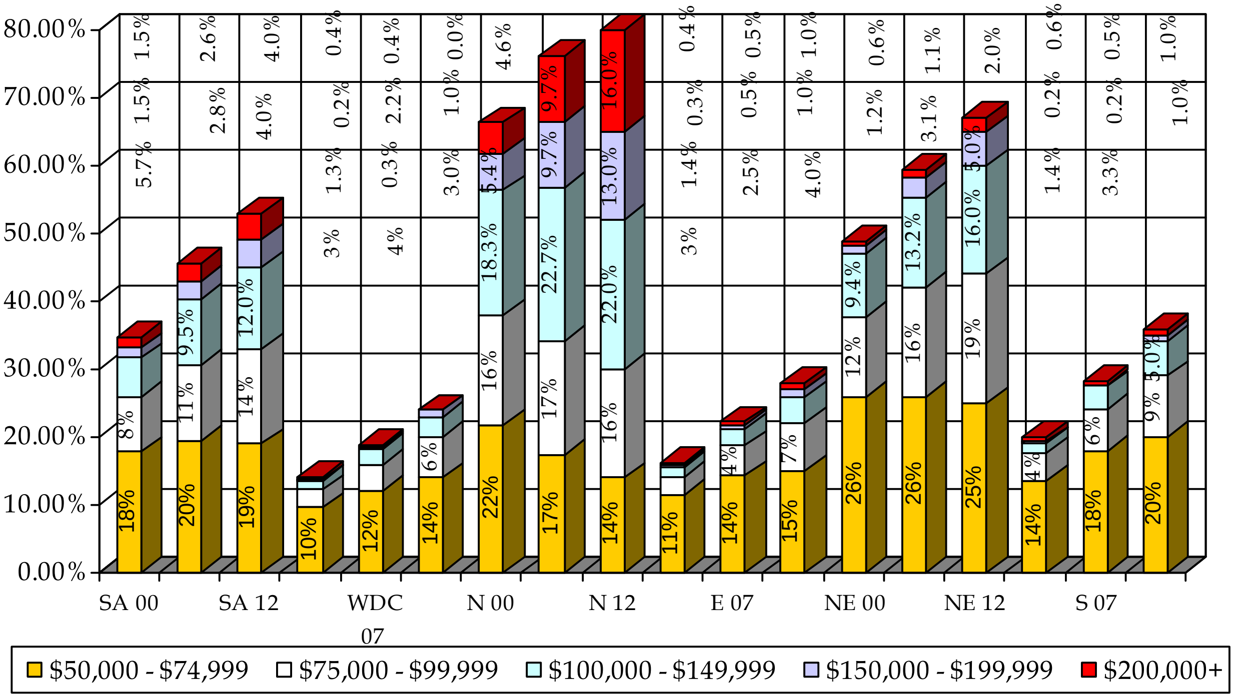
A look at the household income distribution for the different areas also shows that 49.6% of the Westside household income is less than $25K per year for 2007.

Chart 7:Household Income Distribution <$15K - <$50K



The distribution for the higher income levels shows that the Westside has a very small percentage making over $50K per year, 14.9% in 2007; especially when compared to the Northside. However, there is expected to be growth in these upper income brackets in the WDC area.

Chart 8: Household Income Distribution $50K - >$200K



According to the 2000 census, the WDC had the highest poverty rate of any of the areas at 32.8%; San Antonio had a poverty rate of 15.6%.

Table 4: Poverty Rate Data from 2000 Census

San Antonio	WDC	East	South	North	NE
15.6%	32.8%	29.3%	29.3%	3.6%	6.2%

Housing

The home ownership rates in the WDC rates are relatively high at a projected 55.7% for 2007. This compares favorably with an overall ownership rate for San Antonio of 54.9%. Special attention must be paid to this number, however, because it has been dropping over time, down from 56.4% in 2000 and is forecast to continue to decline to 54.7% in 2012. This phenomenon could also be impacted by the aging of the population as it leads to growth in owner households because of the higher rates of ownership among older households. Thus, the rapid growth of the young Hispanic population could yield higher rates of renter occupied or faster growth in renter households.

Table 5: Housing Units by Occupancy Status

2007	San Antonio	WDC	North	East	Northeast	South
Occupied	92.60%	92.50%	94.00%	88.80%	95.90%	94.10%
Owner	54.90%	55.70%	68.10%	53.30%	70.00%	64.90%
Renter	37.70%	36.80%	25.90%	35.50%	25.90%	29.30%
Vacant	7.40%	7.50%	6.00%	11.20%	4.10%	5.90%

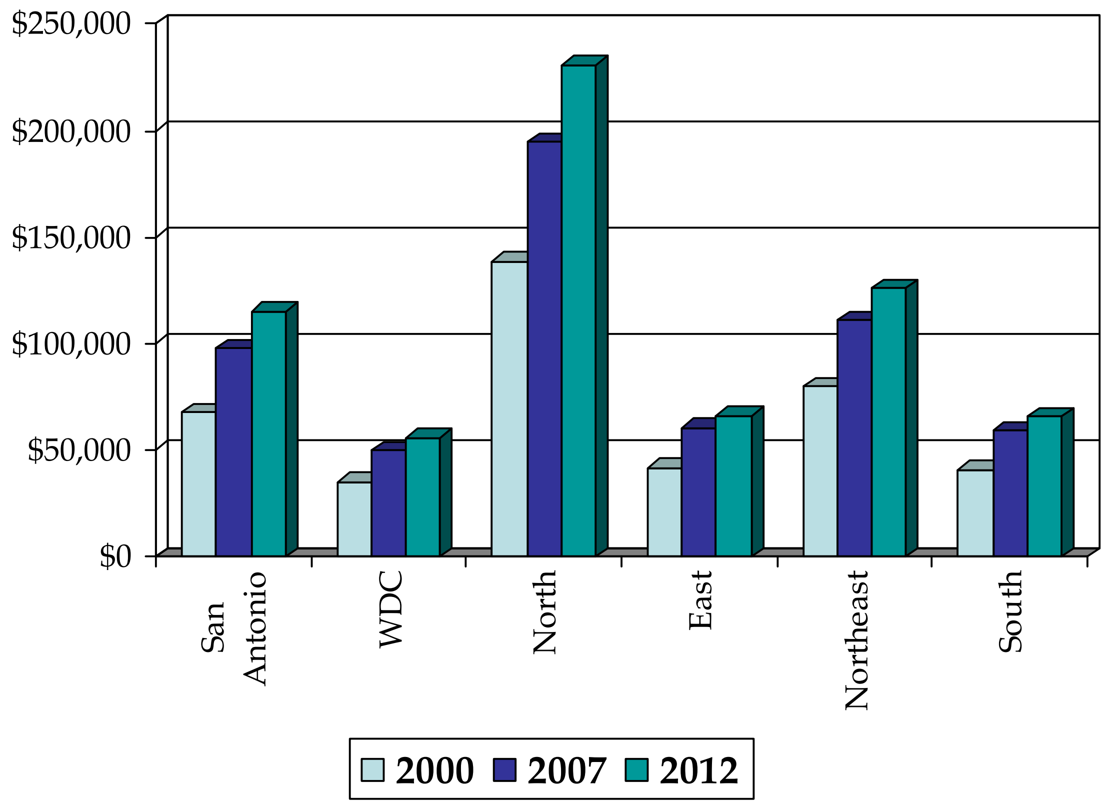
2012	San Antonio	WDC	North	East	Northeast	South
Occupied	92.30%	92.20%	93.50%	88.50%	95.40%	93.90%
Owner	54.80%	54.70%	68.60%	52.10%	69.00%	64.50%
Renter	37.50%	37.50%	24.90%	36.40%	26.40%	29.30%
Vacant	7.70%	7.80%	6.50%	11.50%	4.60%	6.10%

Additionally, 92.5% of the housing units are occupied for 2007, which is also comparable to the city and the other comparison areas.

One possible concern about the housing stock in the WDC is that 77.3% of the houses were built before 1969. The median year the structures were built is 1956. Thus, the housing stock is aging and anecdotal evidence suggests that several of these homes have not been well maintained.

As can be seen in the chart below, WDC's median home value is almost half of the San Antonio median home value. The WDC has the lowest home values of any area in the study.

Chart 9: Housing Value Comparison

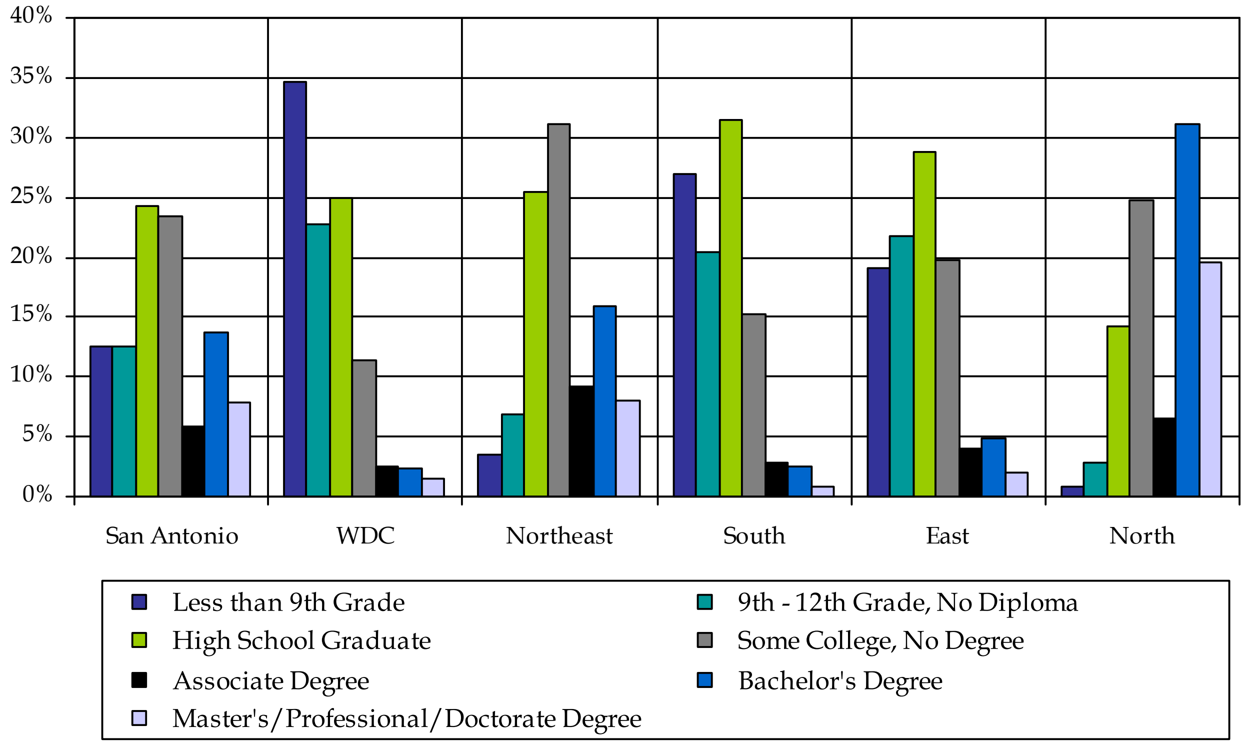


Educational Attainment

The educational attainment statistics are a concern due to the high number of citizens who have not completed ninth grade, high school or at least some college. The WDC has the lowest educational attainment of any area in the study. Within the WDC area, 34.7% of the population have less than a ninth grade education, 22.8% have a ninth to twelfth grade education and 24.9% have are high school graduates. Thus, 57.5% of the population in this area do not have a high school diploma.

Additionally, 1.5% of the population in the WDC area have a master's, professional, or doctorate degree. With three universities located in the area, there is certainly a larger proportion of people with doctorate degrees who work in the area. This is evidence that most of these people work in the area but do not live in the area.

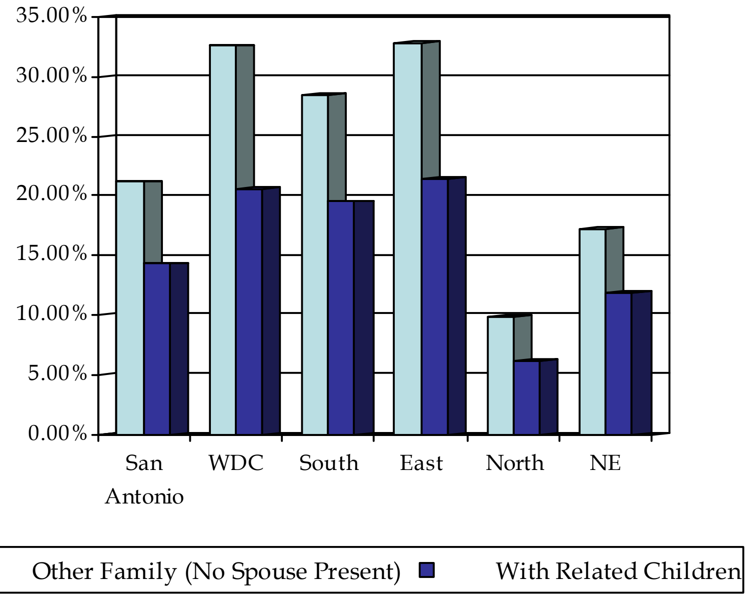
Chart 10: Percent of Population 25+ by Educational Attainment - 2000



Marital and Family Status

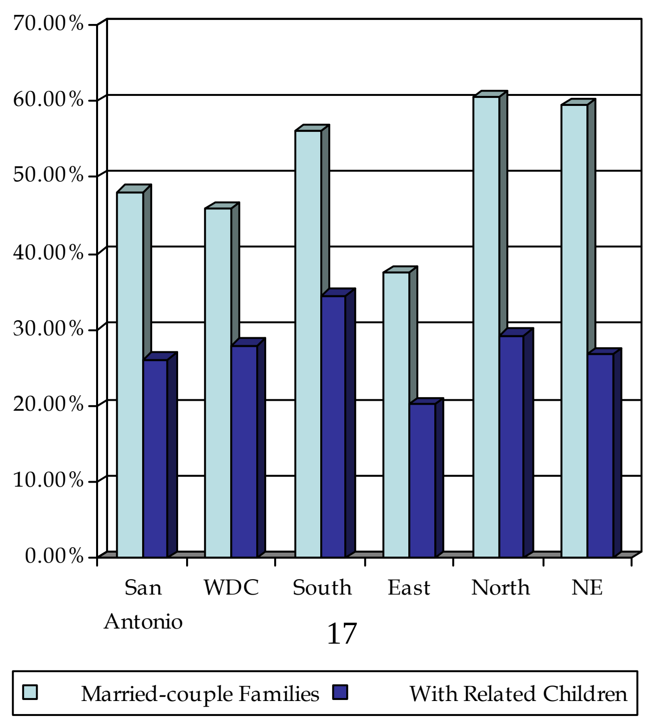
The WDC is equal to the South area for having the most single parent households, at about 21% each. This number is well above the San Antonio number of 14.3%.

Chart 11: Per Cent of Family Households with no Spouse Present



The per cent of married couple households is also lower than the San Antonio number; albeit slightly lower. The East has the lowest per cent of married couple households.

Chart 12: Per Cent of Married Couple Households



There is also a strong correlation between education and health. According to the U.S. Surgeon General, "an adequate education is critical for reducing [health] disparities." Indicators of educational attainment in the WDC confirm this assertion in a variety of ways but two of the most evident are figures regarding birth and death.

Table 6: Westside Birth Data

Births Occurring in
Westside Development Corporation Study Area

	WSDC		HP Goal
Births funded by Medicaid*	1,566	72%	
Births to Single Mothers	1,364	63%	
Births to Mothers with < HS education	1,148	53%	
Births to Mothers Age <22	853	39%	
Births to Mothers Receiving Late or no Prenatal Care	839	39%	<10%
Births occurring within 24 months of previous birth	519	24%	
Low Birthweight Infants (<2500 grams)	246	11%	<5%
Births to Mothers Age <18	209	10%	5%
Total Births	2,165		

2006 Bexar County Births
* Does not include emergency Medicaid

Metro Health
San Antonio's Public Health Team

San Antonio Metro Health reports that of 2,079 births in the Westside Development Corporation Area in 2006, Medicaid funded 72%. Those most at risk for being uninsured are single, young women working part-time or unemployed. Sixty three percent of births were to single mothers, who, along with their children, are among the poorest in our community. According to Metro Health, 53% of births were to mothers with less than a high school education and 39% of mothers delayed seeking prenatal care. Factors contributing to this delay include financial problems, substance abuse, depression, domestic violence and/or legal status (undocumented).

Additionally, early deaths due to chronic disease affect a sizeable portion of the population in the WDC area. In fact, approximately 32% of all deaths in this area occurred among persons under the age of 65, compared to 17% nationally, according to Metro Health. The health system is organized to respond quickly to acute patient problems, but it does not adequately serve the needs of persons with chronic illnesses.

In economic terms, this is a large loss of the workforce in their prime years of productivity. A more complete approach to healthcare would be a greater focus on chronic disease through Health and Wellness centers.

Table 7: Westside Early Death Data

Causes of Early Death in Westside Development Corporation Study Area (Age < 65)

Cause of Death	All	Age <65	
Heart Disease	205	47	23%
Malignant Neoplasms	170	49	29%
Cerebrovascular Diseases	51	13	25%
Diabetes Mellitus	42	7	17%
Chronic Lower Respiratory Diseases	41	9	22%
Chronic Liver Disease/Cirrhosis	34	26	76%
Renal Disease (Kidney)	26	4	15%
Accidents/Adverse Events	25	16	64%
Alzheimer's Disease	24	0	0%
Septicemia	22	10	45%
Perinatal Disorders	14	14	
Homicide	13	13	
Parkinson's Disease	12	0	0%
Influenza/Pneumonia	11	2	18%
Hypertension/Hypertensive Renal Disease	10	1	10%
HIV Disease	9	8	89%
Suicide	8	8	

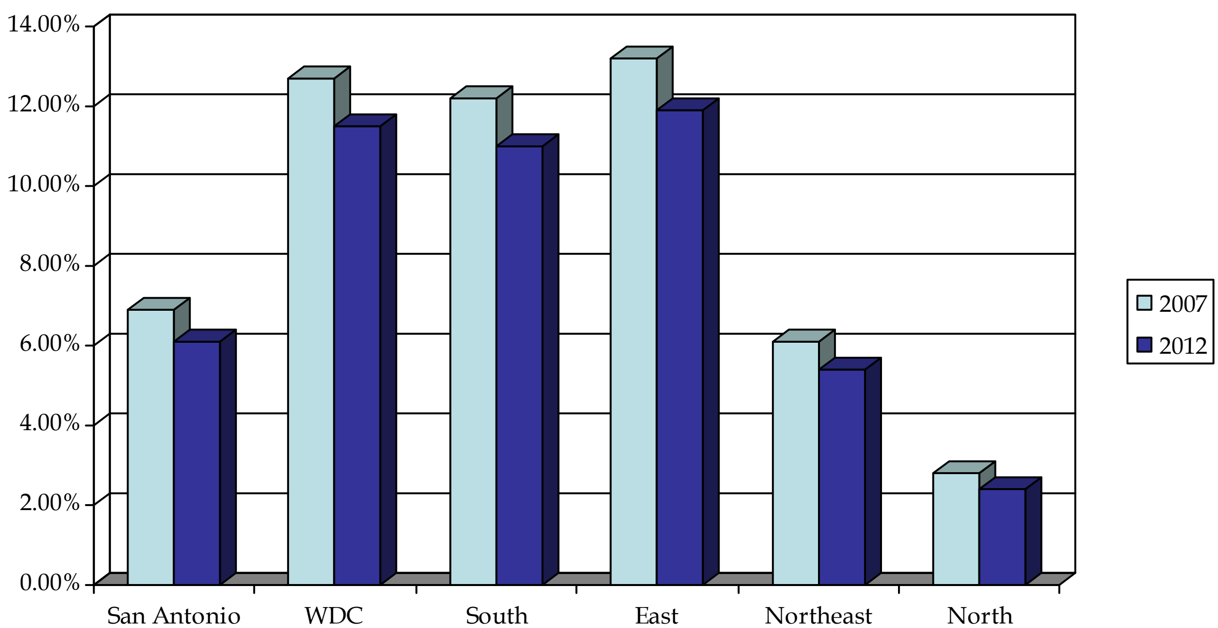
Metro Health San Antonio's Public Health Team

2006 Bexar County Deaths

Employment

The WDC, South and East have consistently high unemployment rates projected for 2007 and 2012.[2] The unemployment in these areas is almost twice that for the entire city and over four times larger than the unemployment rate in the North. Unemployment across all of the areas is expected to decline by 2012.

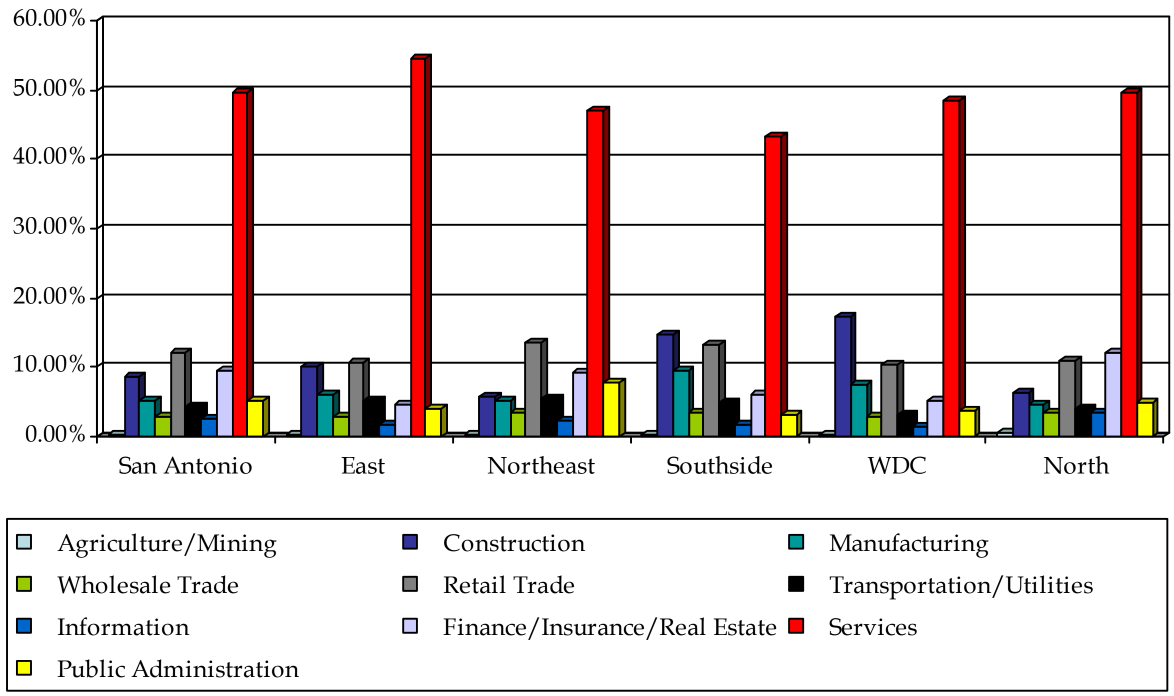
Chart 13: Unemployment rates for 2007 and 2012



An employment by industry analysis shows that the services industry has the most workers city wide. The WDC has the highest percentage of workers employed in the construction industry. There is also a large portion of the workforce employed in the WDC in the services and retail sectors.

[2] The projected unemployment rate for San Antonio as provided by ESRI is higher than what has been reported by the U.S. Bureau of Labor Statistics, which leads us to believe that these numbers are high across all areas. However, we believe that the relative differences in the unemployment rates are correct.

Chart 14: 2007 Employed Population 16+ by Industry



Crime Comparison

A detailed crime comparison was done using the San Antonio Police Department crime data from 2005. Four different areas were compared using Part 1 crimes consisting of the following offenses: Homicide, Forcible Rape, Robbery, Assaults, Burglary, Larceny, Vehicular Burglary, and Vehicular Theft.

The Northeast area is covered by several different police departments such as Windcrest, Live Oak, San Antonio, and Bexar County. This patchy nature of the crime data made it difficult to get a clean read on the crime rate in the area and thus the Northeast was not included in the comparison.

Three different numbers were used in the calculation of the crime data: the number of crimes, per cent to total San Antonio, and crimes per 1,000 residents. The data per 1,000 residents has been the most useful measure as the population density on the Westside tends to inflate the crime numbers for that area. The following is a table of the crime data:

Table 8: 2005 Crime Comparison per 1,000 Residents

	WDC	East	South	North	San Antonio
Homicide	.10	.21	.07	.03	.07
Rape	.54	.73	.50	.22	.50
Robbery	3.49	2.98	1.24	.25	1.88
Assaults	30.01	38.79	21.37	7.26	25.51
Burglary	13.64	19.43	6.01	4.23	11.58
Larceny	22.78	21.19	42.64	13.23	28.06
Veh Burg	13.10	9.43	16.72	17.34	20.73
Veh Theft	4.06	4.88	4.03	2.23	5.19
Total	**87.72**	**97.64**	**92.57**	**44.79**	**93.52**

Notes: 2007 population numbers were used.
Data is listed by police substation. Only substations completely contained within an area were used.
Northeast is not listed due to inability to get "clean" data.
2005 Crime data from San Antonio Police Department.
*Also encompasses Hollywood Park and Hill Country Village.

Results

The data show that the Westside does not have a higher overall crime rate than the aggregate numbers for the San Antonio area. In fact, some areas such as Vehicular Burglary and Larceny show a lower number than the city. Assaults and Robberies are the two areas that show a notably higher incidence rate than the total city numbers, with robberies showing twice the incidence rate.

The East side led the numbers in Assaults and Burglaries while showing lower incidences of Larceny and Vehicular Burglary.

The South shows a high rate of Larceny while generally showing a lower rate or even with the San Antonio numbers

As expected, the North had a generally low crime rate with numbers well below the San Antonio statistics.

Analysis of Retail Potential, Leakage, and Market Segmentation

Method:

Data was gathered through ESRI Business Analyst Online (BAO). BAO is a web based Geographic Information System analysis interface that visualizes data from a variety of sources for geography based analysis. To communicate market potential in the appropriate national context the ESRI's Community Tapestry™ market segmentation system was used. It represents the fourth generation of market segmentation systems that began 30 years ago. The 65-segment Community Tapestry™ system classifies U.S. neighborhoods based on their socioeconomic and demographic compositions.

Segmentation systems operate on the theory that people with similar tastes, lifestyles, and behaviors seek others with the same tastes—"like seeks like." These behaviors can be measured, predicted, and targeted. ESRI's segmentation system, Community Tapestry, combines the "who" of lifestyle demography with the "where" of local neighborhood geography to create a model of various lifestyle classifications or segments of actual neighborhoods with addresses—distinct behavioral market segments.

Census 2000 data is the primary data resource of a broad range of demographic variables and provides a rich profile of the U.S. population. Comparisons are limited to conditions on April 1, 2000, and standard geographic areas such as blocks, block groups, census tracts, places, county subdivisions, counties, states, and special interest areas such as congressional districts or school districts.

Each neighborhood is analyzed and sorted by more than 60 attributes including income, employment, home value, housing type, education, household composition, age, and other key determinants of consumer behavior. U.S. consumer markets are multidimensional and diverse. Using a large array of attributes captures this diversity with the most powerful data available. Data sources such as Census 2000, ESRI's proprietary demographic updates, the InfoBase consumer database from Acxiom Corporation, the Doublebase 2005 consumer survey database from Mediamark Research Inc., and other sources are used to capture the subtlety and vibrancy of the U.S. marketplace.

Fore more detailed information on ESRI's Community Tapestry™ market segmentation system please see the appendix section titled "Community Tapestry: The Fabric of America's Neighborhoods."

To investigate market leakage supply is estimated as sales to consumers by establishments and demand or "retail potential" estimates the expected amount spent by consumers at retail establishments. The Leakage/Surplus Factor presents a snapshot of retail opportunity. This is a measure of the relationship between supply and demand that ranges from +100 (total leakage) to -100 (total surplus). A positive value represents 'leakage' of retail opportunity outside the trade area. A negative value represents a surplus of retail sales, a market where customers are drawn in from outside the trade area. The Retail Gap represents the difference between Retail Potential and Retail Sales.

To further understand consumer spending patterns Spending Potential Index is used to identify possible opportunities to capitalize on leakage in the WDC and 10-minte drive time study areas. The Spending Potential Index (SPI) is household-based, and represents the amount spent for a product or service relative to a national average of 100. Expenditure data are derived from the 2002, 2003 and 2004 Consumer Expenditure Surveys, Bureau of Labor Statistics. ESRI forecasts for 2007 and 2012.

To examine types of potential development opportunities in the form of job opportunities for residents a breakdown of largest private sector employers and largest estimated sales/assets figures for existing business within the WDC were collected and commonalities in potential competitive advantages provided by the area illustrated business characteristics that can demonstrably thrive in the WDC give it's identified characteristics. A listing of these employers and can be found in the appendix Labled "WDC Employers".

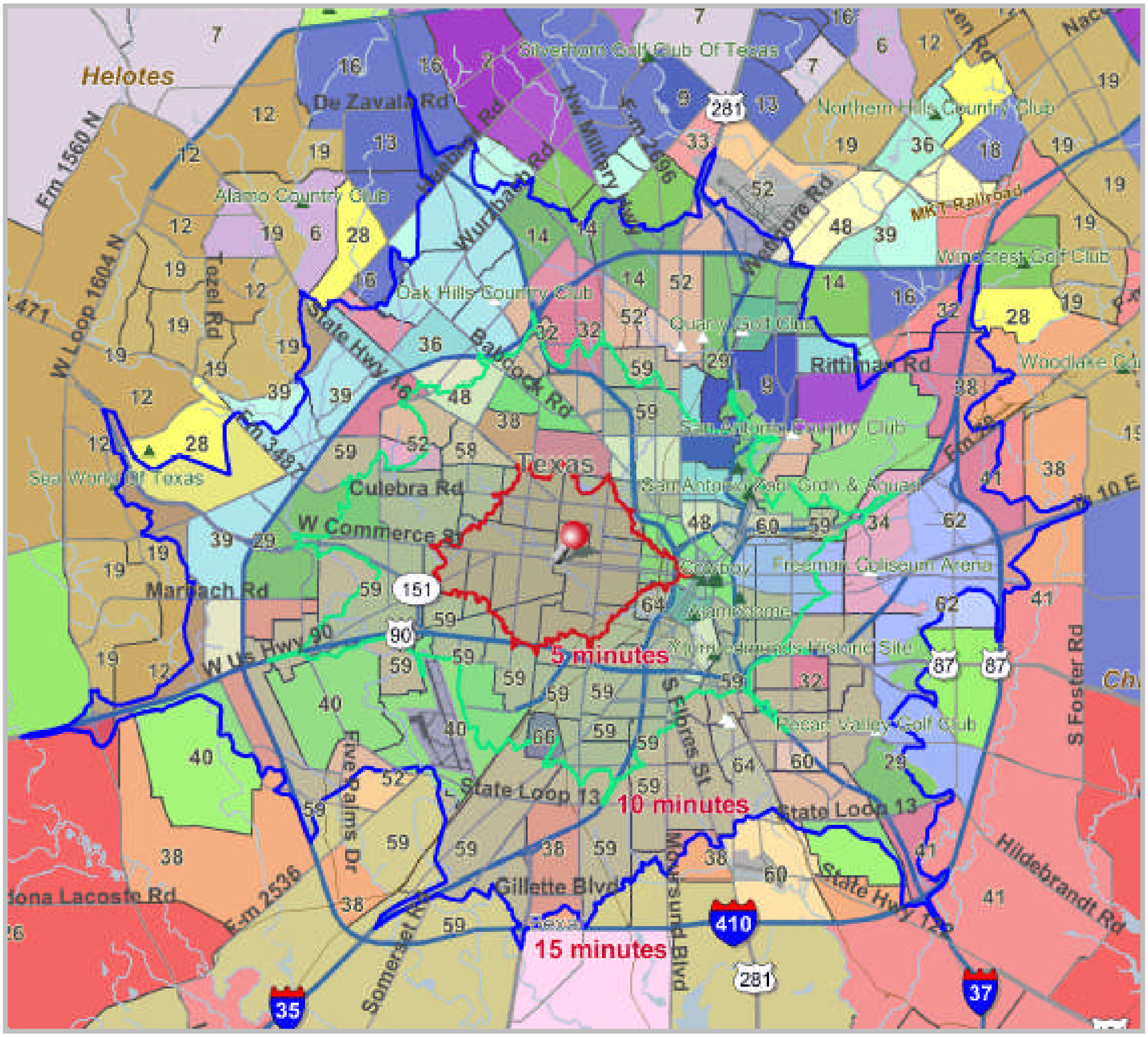
Study Areas

Tapestry, leakage, and spending potential index performed on the Westside Development Corporation (WDC) study area and a 10-minute drive time study area from a central intersection within the WDC. This 2nd study area helped identify market threats or opportunities that my lie just outside the boundaries of the WDC. A drive time analysis provides data for concentric boundaries based on the approximate drive-times from a central point. A 10-minute drive time from Commerce and SW 24th Street is used. Enhanced maps of the study areas can be found in the appendix **.**

Community Tapestry Analysis and Leakage Analysis

While a more thorough description of what goes into Tapestry analysis can be found in the methodology description of this section, in summary, the Community Tapestry draws from a variety of data to create market segment categories. It transforms a series of data points into a portrait of a consumer whose behaviors and needs can be better understood and acted upon. Conclusions such as spending patterns, life stage, and media consumption shape market potential but also provide a better understanding of where they are potentially having their consumption needs met.

These consumer characteristics that make up the Tapestries are one driver of retail development options but have numerous other uses. For instance if a strategy were undertaken to draw consumers into the WDC to support local establishments, the findings of the tapestry analysis would provide a general understanding of the market



Map 1: Drivetimes from the WDC. 5 min, 10 min, 15 min

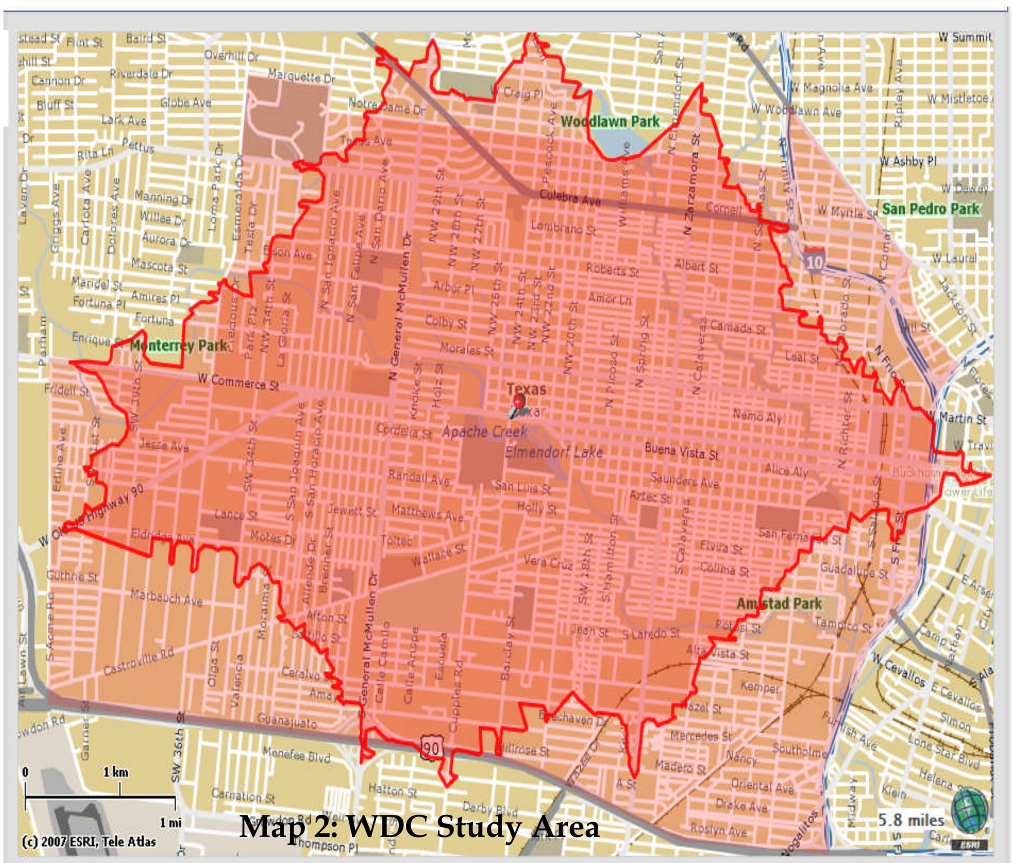
segments within a 10 minute drive from the WDC. Who is close enough to the WDC to patronize the area given awareness of an appealing option? If the WDC chose to promote a community festival to draw in consumers, what would most likely fit into nearby consumers spending and recreation habits? These are questions the tapestry analysis can help to inform.

Additionally, the market segmentation provides the WDC with market information to target pursuit of outside consumer dollars for WDC study area enterprises. For example if the WDC chose to pursue a direct mail campaign to market the area, a corridor, or an event to external consumers, Tapestry Segments could help shape message and medium based on the likelihood of interest and proximity to the WDC. With an understanding of likely radio formats and television preferences the Tapestry Segments provide a better understanding of potential consumers but suggest ways to get through to them with a value proposition located in the WDC. Map # is an illustration of the market segments in San Antonio.

This component of the market study references up to 30 different tapestry classifications that will require the reader to review the tapestry profiles in the appendix for a full understanding of each of the market segments. Key features and residential, preferences, demographic, and socioeconomic similarities are drawn from each of the profiles for comment and conclusion but will not cover information already apparent from reported and more current demographic and socioeconomic data.

<u>WDC Study Area</u>

The WDC study area is dominated by the Southwestern Families Tapestry Segment with comparatively smaller groups of other segments such as City Commons, Social Security Set, City Dimensions and Simple Living.



Map 2: WDC Study Area

Because the Southwestern Families Tapestry

Segment is the primary or "base market segment " throughout the analysis the segment will be presented in its entirety to firmly fix our attention on the market segment that is the largest group though each study area. The following are the segment characteristics in their entirety according to ESRI's Community Tapestry Handbook. All Tapestry Segments are organized by demographics, socioeconomics, preferences, and residential.

Demographic

A mix of various family types comprises 80 percent of the households in the *Southwestern Families* segment. These young families form the foundation of Hispanic life in the Southwest. Children are the center of these households that are composed mainly of married couples with children and single-parent families. The average family size is 3.97, the fourth largest among all the Community Tapestry segments. The rest of the households in these neighborhoods are married couples, with no children living at home, and other families. Grandparents are caregivers in some of these households. The median age of this young market is 28.6 years. Eighty-two percent of residents are Hispanic. Diversity is also evident in the 28 percent of residents, who are foreign born, many of whom immigrated before 1990. Most (57 percent) of the residents are white, 29 percent are other races populations, and 5 percent are American Indian populations. At five times the U.S. level, the *Southwestern Families* segment has the highest percentage of American Indian populations of all Community Tapestry segments.

Socioeconomic

The median household income for this segment is $27,327. They carefully budget their income month to month to pay for the upkeep of their homes and families. Approximately 10 percent of the households receive Supplemental Security Income; 10 percent receive public assistance. With little chance to save, their median net worth is $22,981. Linguistic isolation remains prevalent among recent arrivals and the older generations. Educational attainment levels are low in this market; 57 percent of the residents aged 25 years and older have not graduated from high school. Most employed residents work in blue-collar and service jobs. Higher-than-average proportions of employed residents work in the construction, accommodation/food services, administrative and other services, agricultural and mining industry sectors. The unemployment rate of 15 percent is high.

All segments are characterized as lower than average education, median income, and net worth with little chance to save. Data show that higher than average proportions of the residents work in construction, accommodation/food services, and agricultural sectors. Although the median value of the home is lower homeownership is prevalent among Southwestern Families.

Preferences

The *Southwestern Families* market ranks high for the purchase of baby and children's products. They buy disposable diapers and premoistened wipes but not prepared baby foods. They also buy baby equipment necessities such as car seats and cribs. Many residents invest in a camera, or even a camcorder, to capture family events. They use cost-effective film development at grocery and discount stores. Cell phones are important to this market, so long-distance telephone expenses are part of their budget. They shop for clothing at discount stores and will also occasionally buy groceries there. Many use the pharmacies at these stores, but Walgreens, Rite-Aid, and CVS are still the popular options. Albertson's, H.E. Butt, Kroger, and Vons are their preferred grocery stores. More households purchase used cars; many save money by performing minor car maintenance such as changing motor oil. Most of the residents rely on car dealers and garages to service their vehicles. Although cable TV service is available in most neighborhoods, fewer than half subscribe. Many treat their older children to a video game system and frequently visit Blockbuster to rent comedy or action movies. *Southwestern Families* residents listen to Hispanic and urban radio formats. They also enjoy fishing, playing soccer, and going to the movies.

Residential

As the Community Tapestry name implies, *Southwestern Families* communities are located almost entirely in Southwestern states; 72 percent of the households are in Texas. Homeownership is important to this settled, suburban market. Two-thirds of S*outhwestern Families* householders own their homes; the median home value is $61,124. This median is the second lowest median home value among all Community Tapestry segments. Residents live in small, modest homes, primarily single-family dwellings.

Leakage/Surplus and Spending Potential

The Leakage/Surplus Factor presents a snapshot of potential retail opportunity. This is a measure of the relationship between supply and demand that ranges from +100 (total leakage) to -100 (total surplus). Leakage is calculated using estimated sales to consumers by establishments and subtracting demand or the estimated expected amount spent by consumers at retail establishments. A positive value represents 'leakage' of retail opportunity outside the trade area. A negative value represents a surplus of retail sales, a market where customers are drawn in from outside the trade area. The Retail Gap represents the difference between Retail Potential and Retail Sales.

The Table 7 details which Industry Groups exhbiting retail leakage exists in the WDC Area. It is important to note that a more meaningful assessment of leakage will be to compare the effects of leakage in the 10-minute drive time analysis. We will find that that many of these categories no longer exhibit leakage indicating residents are meeting their retail needs within close proximity but just outside of the WDC boundary. Within the immediate WDC study area the following Industry Groups descriptions are experiencing leakage:

WDC Industry Groups Exhibiting LeakageDepartment Stores (NAICS Code 45211): This industry comprises establishments known as department stores primarily engaged in retailing a wide range of the following new products with no one merchandise line predominating: apparel, furniture, appliances and home furnishings; and selected additional items, such as paint, hardware, toiletries, cosmetics, photographic equipment, jewelry, toys, and sporting goods. Merchandise lines are normally arranged in separate departments

Electronic Shopping and Mail-Order Houses (NAICS Code 45411): This industry comprises establishments primarily engaged in retailing all types of merchandise using non-store means, such as catalogs, toll free telephone numbers, or electronic media, such as interactive television or computer. Included in this industry are establishments primarily engaged in retailing from catalog showrooms of mail-order houses.

Illustrative Examples: Catalog (i.e., order-taking) offices of mail-order houses Internet auction sites, retail Collectors' items, mail-order houses Mail-order book clubs (not publishing) Computer software, mail-order houses Mail-order houses Home shopping television orders Web retailers

Clothing and Clothing Accessories Stores (NAICS Code 448): Industries in the Clothing and Clothing Accessories Stores sub-sector retail new clothing and clothing accessories merchandise from fixed point-of-sale locations. Establishments in this subsector have similar display equipment and staff that is knowledgeable regarding fashion trends and the proper match of styles, colors, and combinations of clothing and accessories to the characteristics and tastes of the customer.

Nonstore Retailers (NAICS Code 454): Industries in the Nonstore Retailers subsector retail merchandise using methods, such as the broadcasting of infomercials, the broadcasting and publishing of direct-response advertising, the publishing of paper and electronic catalogs, door-to-door solicitation, in-home demonstration, selling from portable stalls and distribution through vending machines. Establishments in this subsector include mail-order houses, vending machine operators, home delivery sales, door-to-door sales, party plan sales, electronic shopping, and sales through portable stalls (e.g., street vendors, except food). Establishments engaged in the direct sale (i.e., nonstore) of products, such as home heating oil dealers and newspaper delivery service providers are included in this subsector.

Electronics and Appliance Stores (NAICS Code 4431): This industry group comprises establishments primarily engaged in retailing the following new products: household-type appliances, cameras, computers, and other electronic goods.

Furniture and Home Furnishings Stores (NAICS Code 442): Industries in the Furniture and Home Furnishings Stores subsector retail new furniture and home furnishings from fixed point-of-sale locations. Establishments in this subsector usually operate from showrooms and have substantial areas for the presentation of their products. Many offer interior decorating services in addition to the sale of products.

Book, Periodical, and Music Stores (NAICS Code 4512): This industry group comprises establishments primarily engaged in retailing new books, newspapers, magazines, and prerecorded audio and video media.

Table 9: Industry Groups Exhbiting Retail Leakage

Industry Group	(Retail Potential)	(Retail Sales)	Retail Gap	Businesses
Department Stores Excluding Leased Depts. (NAICS 4521)	$21,643,798	$1,616,552	**$20,027,246**	1
Clothing and Clothing Accessories Stores (NAICS 448)	$21,276,928	$13,534,023	**$7,742,905**	27
Nonstore Retailers (NAICS 454)	$20,536,965	$14,332,209	**$6,204,756**	3
Electronics & Appliance Stores (NAICS 443/NAICS 4431)	$9,925,860	$5,121,506	**$4,804,354**	15
	$14,417,341	$10,329,881	**$4,087,460**	13

Furniture & Home Furnishings Stores (NAICS 442)				
Book, Periodical, and Music Stores (NAICS 4512)	$2,509,130	$586,232	**$1,922,898**	2

Using the same methodology industry group surpluses can be established. Surpluses may indicate consumer from outside the area coming into the WDC for these goods and services. Some industry group surpluses are intuitive considering the location of a few major merchandisers such as HEB and the traffic generate from major highways and thoroughfares.

Table 10: WDC Industry Groups Exhibiting Surplus

Industry Group	**(Retail Potential)**	**(Retail Sales)**	**Retail Gap**	**Businesses**
Food & Beverage Stores (NAICS 445)	$74,290,393	$233,435,750	**-$159,145,357**	127
Grocery Stores (NAICS 4451)	$70,589,527	$219,552,699	**-$148,963,172**	88
Food Services & Drinking Places (NAICS 722)	$53,904,299	$98,399,591	**-$44,495,292**	199
Health & Personal Care Stores (NAICS 446/NAICS 4461)	$6,055,946	$40,345,303	**-$34,289,357**	17
Gasoline Stations (NAICS 447/NAICS 4471)	$45,534,074	$70,769,453	**-$25,235,379**	24
Motor Vehicle & Parts Dealers (NAICS 441)	$96,119,919	$121,070,568	**-$24,950,649**	101

Other General Merchandise Stores (NAICS 4529)	$24,409,325	$47,688,478	**-$23,279,153**	8
Full-Service Restaurants (NAICS 7221)	$17,773,488	$40,750,242	**-$22,976,754**	4
Limited-Service Eating Places (NAICS 7222)	$28,464,830	$48,484,417	**-$20,019,587**	163
Auto Parts, Accessories, and Tire Stores (NAICS 4413)	$6,170,179	$25,329,760	**-$19,159,581**	32

Retail surpluses present a unique opportunity and support later recommendations because they are a snapshot of what the WDC is already successfully doing to bring outside dollars into the targetd area.

Spending Potential Index

The Spending Potential Index (SPI) is household-based, and represents the amount spent for a product or service relative to a national average of 100. Expenditure data are derived from the 2002, 2003 and 2004 Consumer Expenditure Surveys, Bureau of Labor Statistics. ESRI forecasts for 2007 and 2012.

Table 9 illustrates that households within the WDC spends approximately half of the average US household. The top twenty product and service categories for household spending potential illustrate the tendency to consume based on basic necessities and home entertainment.

Table 11: Spending Potential Index

Product or Service	Spending Potential Index
Apparel Products and Services	55
Meat, Poultry, Fish, and Eggs	54
Fruit and Vegetables	52
Vehicle Loans	51
Nonprescription Drugs	51

Prescription Drugs	51
Utilities, Fuel, and Public Services	51
Gasoline and Motor Oil	51
Bakery and Cereal Products	51
Color Televisions	50
Rental of Video Cassettes and DVDs	50
Dairy Products	50
Snacks and Other Food at Home	50
Vehicle Insurance	49
Children's Apparel	49
Owners and Renters Insurance	48
Vehicle Purchases (Net Outlay)	48
Community Antenna or Cable Television	48
Vehicle Maintenance and Repairs	47
Video Game Hardware and Software	47

The goods and services with the lowest Spending Potential Indexes illustrate the spending patterns primarily for day to day necessities and few expenditures for leisure, travel, or luxury items.

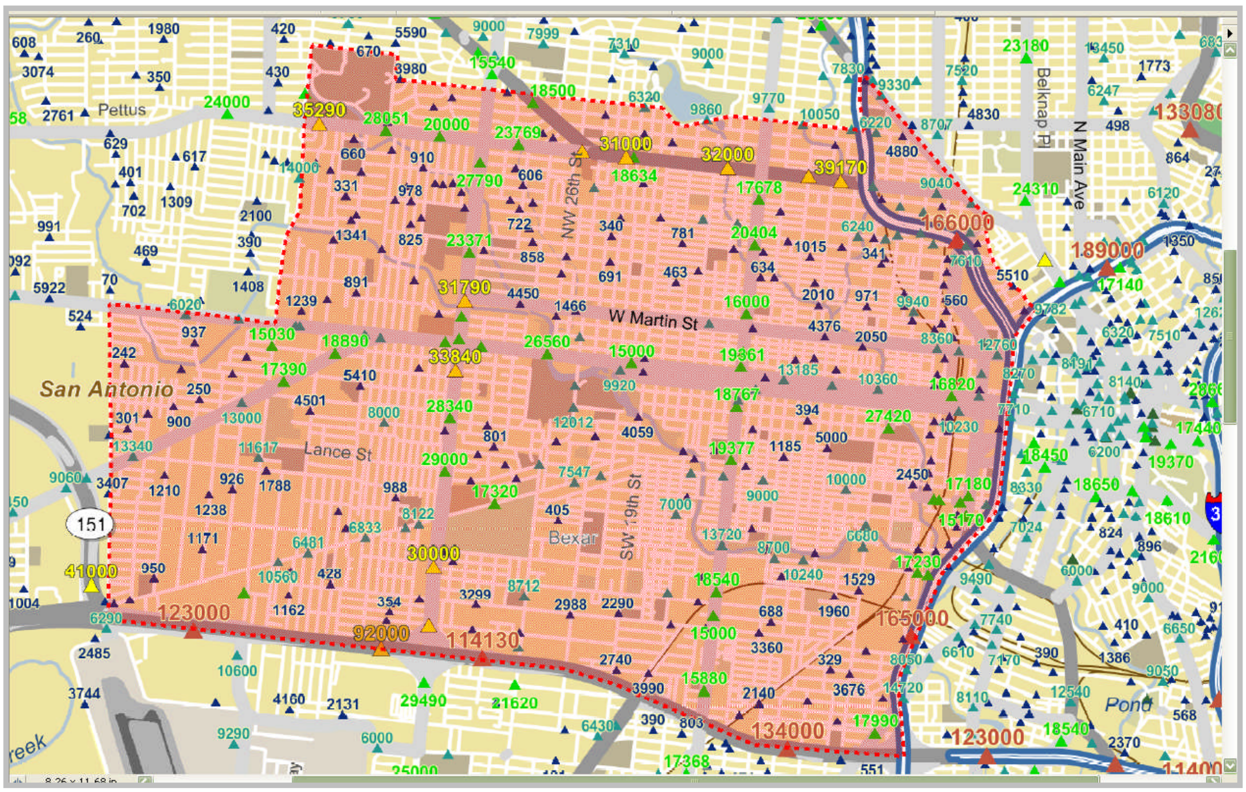
Table 12: Lowest Spending Potential Indexes

Product or Service	**Spending Potential Index**
Investments	30
Floor Coverings	33
Maintenance and Remodeling Services	35
Maintenance and Remodeling Materials	35
Fees for Recreational Lessons	35
Auto/Truck/Van Rental on Trips	36
Membership Fees for Clubs	36
Lodging on Trips	37
Reading	37
Luggage	38
Women's Apparel	38
Fees and Admissions	38

Traffic Counts

Traffic counts are identified by the street on which they were recorded, along with the distance and direction to the closest cross-street. A traffic count is defined as the two-way Average Daily Traffic (ADT) that passes that location.

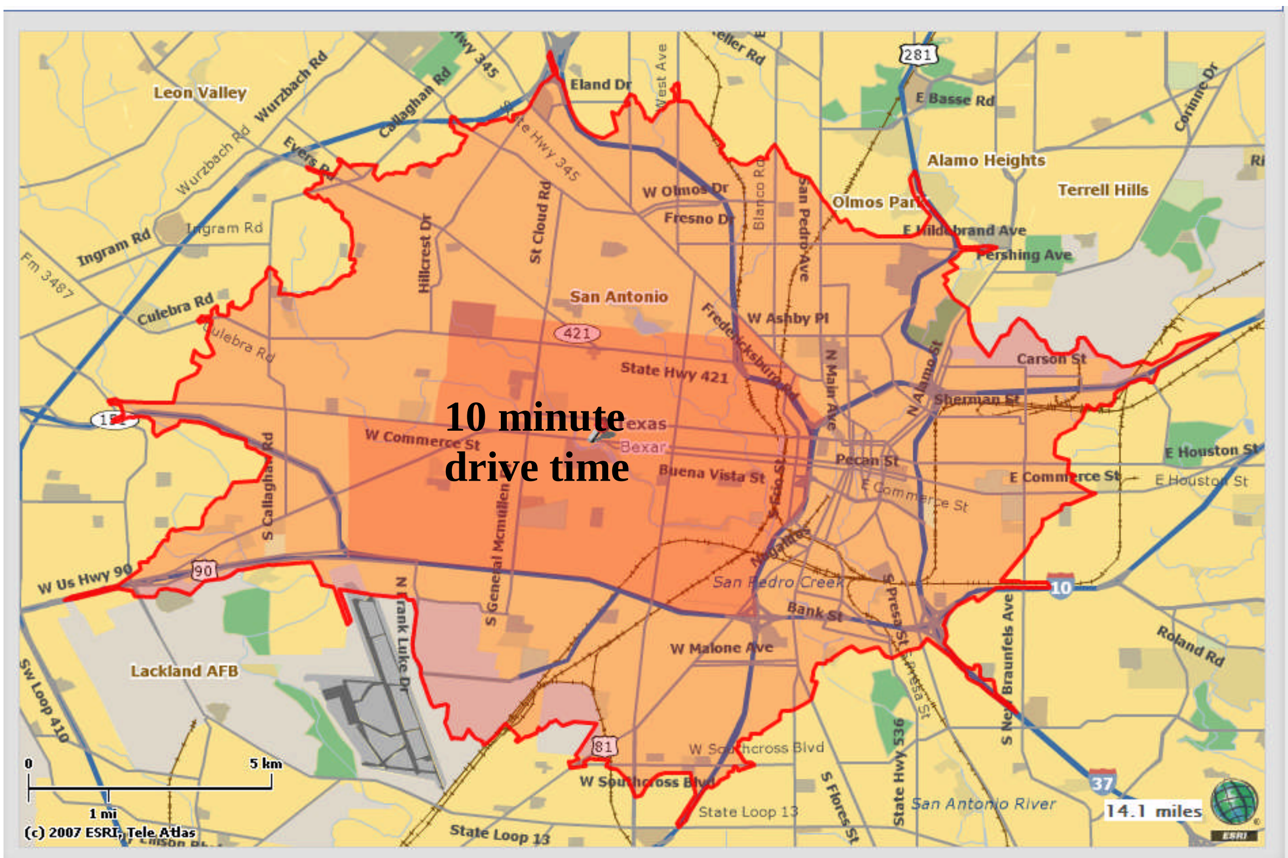
Map 3: WDC Traffic Counts



Although many of the traffic counts displayed were collected in 2000, a clear pattern of heavy traffic is evident along the major corridors within the WDC study area.

Major traffic counts numbering between 30 and 50 thousand ADT are highest on Culebra Rd. from IH 10 to approximately St. Mary's University on SW 36th Street. The second most traveled corridor is Generall McMullen from US Hwy 90 to North to W. Martin Street. These two corridors appear to be the only thuroughfares with this category of traffic. I

Map 4: WDC 10 Minute Drivetime Study Area



It is important to note that the base population grows as the study area is broadened. Meaning a 2% Tapestry Segment that was insignificant in the WDC study area representing few hundred households may now be a material target group with a few thousand households.

The Southwestern Families Profile still dominates this study area representing nearly 60% of the households within approximately a 10 minute drive to a central point within the WDC. For each of the significantly less represented market segments the study will examine any opportunities or similarities across the segments that may characterize market requirements. The full Tapestry Segment Profile can be referenced in the appendix.

In only a 10 minute drive we see a much larger variety of Tapestry Segments represented. Major commonalities among each of the segments can be classified by purchasing behaviors based on disposable income and whether children are present in the household.

Table 13: WDC 10-minute Drivetime Tapestry Market

10 Minutes		
Rank	**Tapestry Segment**	**Percent**
1	Southwestern Families	59.8%
2	Simple Living	5.1%
3	Great Expectations	4.4%
4	Social Security Set	3.6%
5	Inner City Tenants	3.1%
6	City Dimensions	3.1%
7	Industrious Urban Fringe	2.9%
8	Rustbelt Retirees	2.5%
9	Modest Income Homes	2.4%
10	City Commons	2.2%
11	NeWest Residents	1.8%
12	Rustbelt Traditions	1.6%
13	Old and Newcomers	1.3%
14	Metropolitans	1.0%
15	Metro Renters	1.0%
16	Family Foundations	0.8%
17	Midlife Junction	0.7%
18	Military Proximity	0.7%
19	Urban Chic	0.6%
20	Metro City Edge	0.5%

Tapestry Market Segmentation A:
Making up a combined 15.60%, market segments such as Simple Living, Social Security Set, Industrious Urban Fringe, Modest Income Homes, City Commons, NeWest Residents, and Metro City Edge possess lower median household incomes creating a budget conscious consumption pattern that drives these segments to discount stores and sparse spending on entertainment or recreation. If the median income is closer to the US average the home value rises and the spending patterns have one or two additional features but remain largely child focused in all segments except the Social Security Set. Television, fast food, movies, and an occasional sporting event are dominant entertainment theme. If homeownership is prevalent in a market segment, investment in incremental home improvements exists, such as in the Modest Income Homes Segment.

Tapestry Market Segmentation B:
The second grouping of market segments based on similar demographic patters and income are Great Expectations, Inner City Tenants, City Dimensions, Rustbelt Traditions, Old and Newcomers, Family Foundation, Midlife Junction, and Military Proximity. At a combined 15.7% this grouping of market segments represents a more balanced age range rather than high concentration of young or old, a comparatively higher education or median income level, and more transitory. This group exhibits some distinguishing spending patters such as City Dimensions Segment. The City Dimensions Segment represents one of the top markets for purchasing and wearing team sports clothing, and prefer branded athletic shoes. This group also includes segments such as Inner City Tenants that are characterized as somewhat active outside of their home and

purchasers of electronics such as video game systems. Activities such as enjoying the nightlife, visiting bars and nightclubs to go dancing are listed as preferences.

Tapestry Market Segmentation C:
The final grouping representing 5.10% of the 10 minutes drive-time study area is made up of the Rustbelt Retirees, Metropolitans, Metro Renters, and Urban Chic market segments. These segments all higher education, median incomes, and median home values. The segments are primarily single, and for those segments that are predominately married couple families they have few if any children. Segments such as Metropolitans pursue an active, urbane lifestyle. Similar to the Urban Chic they travel extensively, visit museums, attend dance performances, shop at upscale establishments, and do volunteer work. They are more inclined to buy dress clothes than casual wear, but they purchase apparel for various pursuits such as running, hiking, golf, and skiing. In addition to buying foods specifically labeled as natural or organic, they take a multitude of vitamins and dietary supplements.

Leakage/Surplus and Spending Potential

Although the WDC study area illustrated considerable leakage within a 10 minute drivetime all but four Industry Groups contain surpluses indicating that there is significant retail competition for each of the industry groups within a 10 minute drive of a center point within the WDC.

Table 14: Leakage/Surplus and Spending Potential

Industry Group	(Retail Potential)	(Retail Sales)	Retail Gap	Businesses
Electronics & Appliance Stores (NAICS 443/NAICS 4431)	$39,247,590	$27,415,339	**$11,832,251**	79
Furniture Stores (NAICS 4421)	$33,969,552	$23,245,801	**$10,723,751**	31
Vending Machine Operators (NAICS 4542)	$4,535,898	$4,006,237	**$529,661**	15
Department Stores Excluding Leased Depts. (NAICS 4521)	$83,692,139	$69,513,925	**$14,178,214**	14

Findings can be found in the recommendations segment of the report.

Case Studies

Case Study Comparison Areas

The Westside Development Corporation focus on bringing new economic vitality to the area is similar to efforts that have happened in city neighborhoods across the United States. This market analysis provides three case studies of neighborhoods that previously experienced disinvestment but were reinvigorated with targeted strategies for economic and social revitalization in a way that benefited both existing and future residents.

The case studies were selected on a set of criteria to ensure consistency and comparability. They are all near-downtown neighborhoods, within five miles of the city downtown, all experienced a targeted reinvestment strategy or displacement-mitigation efforts, and all increased economic vitality, as measured by rising incomes and job growth, without major displacement of existing residents.

In selecting case studies, we scoured various sources to find locations that could lend some insight into some strategies that we might employ in the Westside in order to help revitalize the area while at the same time protecting its cultural heritage. We settled on three neighborhoods that each have something to teach us.

Our main criteria for case study selection included:

- Located within five miles of a downtown
- Experienced a targeted reinvestment strategy or displacement-mitigation efforts
- Substantial portion of neighborhood was and still is Hispanic
- Increased economic vitality, often through incomes and jobs, without major displacement

Some data points we considered

- Increase in population
- Increase in incomes
- Increase in education levels

- Increase in local serving businesses

While there was no perfect match to all the criteria, we selected three that we found to be instructive in the strategies used in their revitalization: Figueroa Corridor in Los Angeles, Avenues West in Milwaukee, and Oak Park in Sacramento.

For each neighborhood, we analyzed the:

- City context
- Neighborhood context
- Local real estate market
- Key strategies for revitalization efforts
- Barriers to implementation
- Application for the Westside Development Corporation

Case Study Overview

The Figueroa community is an older residential part of Los Angeles with some commercial properties. The area has a strong affordable housing advocacy base, consisting of various community groups that helped implement the turn-around. The most successful program used in Figueroa was the the Housing Trust Fund, which has contributed to the construction of new affordable housing. The City Council provided $42 million for the trust fund as the first installment of a three-year, $100 million commitment, which is the largest commitment to a Housing Trust Fund for any city in the United States. This kind of large-scale public commitment to preserving housing for existing residents is crucial when infrastructure and cultural improvements are made to the community as a catalyst for attracting external capital.

Marquette University in Milwaukee wanted to assist in improving the high crime in the Avenues West neighborhood. The university hosted some 150 neighborhood meetings in the entire 90-block neighborhood, not just the 20 blocks where the university resides. The university was unsuccessful in initial fundraising attempts, for institutions were reluctant to participate, doubtful that an initiative of this scope could be successful. They used some creative financing tools to fundraise and then used this funding to invest in properties. They bought both vacant and boarded properties and built new housing and commercial developments that were aligned with what the community wanted.

Two key strategies were used in Oak Park, an older neighborhood near downtown Sacramento, to promote revitalization and maintain affordable housing. These included rehabilitation through the Boarded and Vacant Homes Program and infill development through the Vacant Lot Development program. Both programs target the acquisition and redevelopment of vacant properties, and both serve to increase the stock of affordable housing while bringing investment to the neighborhood. Revitalization efforts in the Oak Park community have brought together community groups, churches, nonprofits, and the city council member to work together and address the abundance of vacant lots and buildings in the community. The increased investment and development in Oak Park is carried out in ways to balance redevelopment efforts with nondisplacement strategies to ensure current residents will be around to enjoy the neighborhood's bright future.

These are just three examples of neighborhoods that take a look in the mirror and figure out what they want to improve. Selecting the right strategies can only happen after the priorities have been made, taking into account the most pressing needs in the community.

LOS ANGELES, CA
Figueroa Corridor

City context

Los Angeles grew in population by approximately 6 percent between 1990 and 2000, reaching 3.7 million. During the same time period, the Latino population grew by one-quarter, accounting for approximately half of the total population by 2000. The housing market accelerated in the late 1990s. Home purchases increased by 50 percent, roughly 30 percentage points higher than the national average, and mortgage amounts increased by 15 percent. More than half of Los Angeles residents rent, and rental housing became scarce as the rental vacancy rate decreased from 7 to 4 percent.

People talk of the city's affordable housing crisis. The escalation of housing prices in Los Angeles can be attributed to steady population growth and the reduction in the supply of land. Los Angeles built new housing to meet the increasing housing needs of the growing population. Construction has slowed, even though the population continues to grow, because of high construction costs, especially for infill development, lack of vacant land, and building codes that prevent mixed-use development.

By the late 1990s, property values increased to the point where working families in the city were paying a higher proportion of their income on rent than in any other jurisdiction in California (Recommendations of the Housing Crisis Task Force 2000). Neighboring cities and counties have developed little affordable housing due to their policies of exclusionary zoning and covenants. This, in turn, placed additional pressure on Los Angeles to provide affordable housing in an already tight market.

Neighborhood Context

The Figueroa Corridor is a predominantly Latino community located downtown, southwest of the central business district. The neighborhood encompasses 40 blocks, bounded to the south by the University of Southern California (USC) and to the north by the Staples Center, home to the LA Lakers basketball team and Kings hockey team. The Figueroa community is an older residential part of the city with some commercial properties. The housing stock includes multifamily developments and single-family homes, including some Victorian homes. Some of the multifamily residences in Figueroa Corridor are severely overcrowded and in need of major rehabilitation. The Figueroa community was designated a redevelopment area by the Community Redevelopment Agency, but the designation has since expired.

Figueroa Corridor has a large low-income population—the poverty rate for the neighborhood was 43 percent in 2000, almost double the city's rate (Census CD Neighborhood Change Database). Many low-income residents are immigrants who work in garment factories and service jobs. Large concentrations of homeless can be found in Figueroa Corridor—the single-room occupancy hotels in the neighborhood provide temporary housing.

During the 1990s, Figueroa Corridor experienced an influx of wealthier residents. The neighborhood's population increased 7 percent, slightly more than the citywide average, driven by new white residents. Greater numbers of Latinos moved out. The average household income increased by 23 percent, and within two census tracts, average incomes increased by almost half. Adding to a tight housing market, rental vacancy rates decreased from 11 to 4 percent in Figueroa Corridor overall.

The housing market in the Figueroa Corridor has been affected in part by the area's major institutions and amenities. USC students who want to live closer to campus are moving into the area. In response, landlords are evicting lower-income residents to make room for students who pay higher rents. For instance, garment industry workers who live in the community have experienced rent increases and have noticed the marketing of low-income housing to students. University alumni buy older buildings in the Figueroa neighborhood and rent them to students at higher rates.

The Staples Center and its planned expansion has affected the housing market as well. Developers are converting commercial properties around Staples Center into lofts to attract people downtown. Consequently, single-room occupancy hotels are losing properties, as new lofts are being developed. In recent years, "urban pioneers" have moved into the Figueroa Corridor and surrounding areas to restore older buildings and revitalize the community.

The area has a strong affordable housing advocacy base, consisting of various community groups. The Esperanza Community Housing Corporation (ECHC) has made a significant impact on affordable housing in the Figueroa Corridor. ECHC has taken a leadership role in pushing forward the dialogue and initiatives necessary to address the affordable housing crisis in Los Angeles. ECHC played an important part in the establishment of the Housing Trust Fund.

The organization also provides information on legal rights to tenants living in dilapidated housing.

Local real estate market

Rent prices are increasing at a faster rate in the Figueroa Corridor than in the city of Los Angeles. The changes occurring in the Figueroa Corridor can be attributed to its proximity to USC, the Staples Center, and the historic preservation efforts. As an example of the immense pressure on the local real estate market in the neighborhood, the Esperanza Community Housing Corporation (ECHC) was approached with high, all-cash offers for three of its properties. Around the same time, tenant organizers at SAJE were inundated with calls from tenants claiming their landlords were attempting illegal evictions, harassment, and discrimination in order to evade the rent stabilization ordinance and replace working-class residents with higher-income renters. In response to the displacement efforts, SAJE organized tenant unions and trained residents on their legal rights. SAJE hired a tenants' rights lawyer, held weekly legal clinics, and worked with a network of pro bono lawyers to slow the displacement process.

Key strategies in revitalization effort: Housing Trust Fund

Housing Trust Fund

The Housing Trust Fund, established in the 2000–2001 budget by the Los Angeles City Council, provides money for a variety of affordable housing development and preservation needs using loans or grants for predevelopment, acquisition, development, new construction, rehabilitation, or restoration of rental or ownership housing. The trust fund allocates city funds to be leveraged with other state and federal funds to address affordable housing needs. The priority of the trust fund is to expand and preserve the number of rental units for households with combined incomes less than 60 percent of the area median income.

In 2000, the Housing Trust Fund was established with seed funding of $5 million. In 2001, $10.5 million was appropriated to the fund. In January 2002 the mayor released a proposal for permanent funding sources, separate from the City Council proposal. The funding option produced through the mayor's office was eventually approved. In the 2002–03 budget, Mayor Hahn and the City Council provided $42 million for the trust fund as the first installment of a three-year, $100 million commitment, which is the largest commitment to a Housing Trust Fund for any city in the United States.

Resources for the 2002–2003 allocation of $42 million comes from the city's general fund, the Community Development Block Grant (CDBG), the Community Redevelopment Agency, the Department of Water and Power's public benefits fund, and bond savings. In May 2002, Mayor Hahn appointed a Housing Trust Fund Advisory Committee composed of nonprofit and for-profit developers, community and business leaders, housing advocates, and land use experts to recommend guidelines to govern trust fund allocations and administration. In 2003, the City Council approved the following percentages for expenditures of the Housing Trust until further guidelines are established: 60 percent for multifamily rental projects serving households at or below 60 percent of the area median income (AMI); 20 percent for projects that create homeownership opportunities for households at or below 120 percent of AMI; 5 percent for emergency rental assistance; 10 percent to remain flexible with the priority going toward preservation of housing that is at risk of converting to market rate; and 5 percent for administrative costs.

The Los Angeles Housing Department (LAHD) administers the Housing Trust Fund. The LAHD issues a Notice of Financial Award (NOFA) to announce the availability of funding. Developers may then apply for the money from the trust fund by completing the appropriate application along with other subsidy applications. Developers who apply for trust fund money must leverage the funds with other state, federal, or private market capital. Leveraged funding has come from federal programs such as Low Income Housing Tax Credits (LIHTC), HOME, Community Development Block Grants (CDBG), and state bond financing. Housing Trust Fund has successfully contributed to the construction of new housing. The beginning net balance for 2002–2003 was $39.7 million and the beginning net balance for 2003–2004 was $57 million. Ten projects have received financial commitments totaling $15.2m for the development of 527 units, of which 518 are earmarked for households earning below 60 percent of AMI. Two Housing Trust Fund projects are located near the Figueroa Corridor as defined in this study: Broadway II, located just south of Figueroa Corridor, and Mt. Zion, which is located slightly south and east of the Corridor.

The Housing Trust Fund has also been successful in helping to establish affordable housing as a priority in the city. Inclusionary zoning and mixed-use development are now on the political agenda. According to some advocates, if made economically viable, inclusionary zoning offers the greatest potential for involving the private sector in affordable housing. SCANPH helped run a campaign for inclusionary zoning that advocated bonuses and other incentives provided to developers to offset their development costs. Many of the advocates for inclusionary zoning also worked on the Housing Trust Fund.

Barriers to Implementation

The greatest barriers to implementation for the Housing Trust Fund are financing difficulties and land availability. Rising cost of affordable housing construction and the difficulty in subsidy layering are factors inhibiting the effectiveness of the Housing Trust Fund. Money from LIHTC, HOME, CDBG, the CRA, state bond financing, and foundations contribute to the construction of affordable housing, but in certain instances, layering of these funds does not provide the gap financing needed for a project, even with trust fund dollars. Practitioners caution to ensure that other subsidies come through before allocating trust fund dollars. Some affordable housing developers hire a project manager or outside consultant to package the subsidy layers because working with the subsidies can be time-consuming and difficult. In addition, the cost of land is rising as the availability of inexpensive land quickly dwindles.

Applications for Westside Development Corporation

The Housing Trust Fund has contributed to the construction of new affordable housing. The price of constructing new housing—particularly infill housing—is steadily increasing, which is motivating housing practitioners to consider other strategies involving private developers, such as inclusionary zoning. The city plays an important role in creating an environment that can help attract private developers. While the Housing Trust Fund is only one of a number of strategies, it has helped put affordable housing on the political agenda, which in itself is a success. Community groups within the Figueroa Corridor have played a crucial role in preserving and producing affordable housing within the community. Practitioners learned the importance of involving many stakeholders in the process of formulating the details of the trust fund. Hosting public hearings and workshops enabled the community to become involved creating support for the strategy.

MILWAUKEE, WI

Avenues West

City Context

Milwaukee is the largest city in Wisconsin and in the past decade has become the northern edge of greater Chicagoland. It is located on the southwestern shore of Lake Michigan, due north of Chicago. Once known almost exclusively as a brewing and manufacturing city, Milwaukee has tried to improve its image and attract the creative class in order to transform its economy. Though not traditionally thought of as a college town, it is in the top ten in the national rankings of college students per capita. To retain and attract young professionals, the city has added many new cultural attractions and skyscrapers, condos, lofts, and apartments, especially in areas near the lakefront and riverbanks.

Neighborhood context

Marquette is the largest institution in the Avenues West neighborhood, which also contains the Sinai-Samaritan Hospital, a regional blood center, two insurance companies, and several churches and businesses. As recently as a decade ago it was a thriving area with eight hospitals. Much of the hospital staff lived in the surrounding neighborhood, but as the hospitals relocated, so did their staff. By 1990 only 4 percent of the housing stock was owner-occupied. Poverty rates doubled between 1980 and

1990. If Marquette was to survive as an institution, it would have to leave the area--as its law school did in the 1960's--or create a neighborhood revitalization effort that linked the university and the neighborhood more closely than ever before.

Local real estate market

Much of the local housing had deteriorated; 75 percent of landlords were not around. Many units, built for single persons, did not meet the needs of families living in them. Homeownership rates were very low prior to the targeted strategy implementation.

Key strategies for revitalization efforts: crime reduction, creative partnerships, housing rehabilitation

Marquette University's Campus Circle Initiative is a unique neighborhood revitalization approach that marshals the strengths of the various professional schools and departments and the institutional outreach of the University. Initially created to focus on housing and commercial needs, the project, in cooperation with its community partners and the city of Milwaukee, has expanded to encompass significant quality of life issues including job creation, education, homelessness, youth programs, crime, and public safety.

Because of the Campus Circle Initiative, the near west side of Milwaukee has benefited from the creation of more than 200 units of affordable housing, and the neighborhood has experienced a decrease in drug trafficking and other criminal activity. The secret of Campus Circle's success lies in its partnerships and financial commitments. Marquette University allocated $9 million as part of an investment of more than $50 million, and it is collaborating with the city, the police department, local public schools, social service agencies, the YWCA, large local employers, university staff, and students. The initiative has started a movement: 25 institutions, most of them urban educational institutions, have visited the program, several are in the planning stages of replicating it, and some are already establishing partnerships.

Marquette hosted some 150 neighborhood meetings; refreshments were provided to encourage attendance and to convince the neighborhood of the firmness of the university's commitment to the entire 90- block neighborhood, not just the 20 blocks where the university resides. Institutions, potential partners and funding sources that would benefit from the revitalization, were reluctant to participate, doubtful that an initiative of this scope could be successful. The university raised only $2 million from these sources, less than anticipated, and had to reorganize its fundraising. The Marquette donors were more enthusiastic, matching the university's $9.2 million pledge. This $20 million of equity in the form of capital and soft debt was leveraged with about $36 million in debt that included double tax-exempt bonds, Tax Incremental

Financing proceeds, low-interest loans, and targeted loans from the banking community.

From the start, safety and crime reduction formed a central focus of this project. The university partnered with the Milwaukee police to create the city's first community policing program where neighborhood residents, landlords, and institutions cooperate to increase public safety. Campus Circle provided the police with a highly visible site for their community-oriented substation. In addition, the university formed alliances with landlords who helped to identify problem properties and close down drug houses. Now Campus Circle manages more than 1,000 housing units and rehabilitated nearly 200 of these, converting a portion into family units. The initiative has emphasized keeping residents in place, improving quality, but not raising rents. Insufficient funding has kept some buildings empty, but these are boarded up and no longer available to drug dealers or other criminals.

Campus Circle began to renovate the business district near campus. It purchased 9 of the 15 bars and closed all but 3 of those. Although the area is still not financially stable enough to attract the supermarket that residents desire, the new development, called Campus Town, is a step in the right direction. This mixed- use project features 152 apartments, a sports bar, and 89,000 square feet of new commercial space. Economic development activities have attracted 13 new businesses and encouraged existing businesses to stay and reinvest.

The Marquette Dental Clinic and Nursing School Parish Nurse Outreach Program help address area health needs. PACE brings the Marquette Department of Mathematics together with the Grand Avenue Middle School for an innovative math education program. The Marquette School of Education and community partners offer parent education, teacher training, and intensive literacy tutoring for children. The Service Learning Project brings 500 students into 50 citywide agencies to link classroom learning to for-credit volunteer service. The neighborhood's appearance has improved as Campus Circle has purchased and rehabilitated housing and commercial structures.

The community policing effort has made an impact, with police records showing a 34-percent drop in crime in 2-1/2 years. Improvements to community cohesion and pride of place may be less visible, but they are no less important. They are fostered by the numerous university-community partnerships, by tenant councils, and by resident-student cooperation in various social service activities. The example of Marquette's commitment to the Avenues West neighborhood has challenged its institutional partners to reevaluate their own role in the community and the effect of the community's stability on their own success.

Campus Circle, Marquette University's neighborhood revitalization initiative, is a pioneer program to build neighborhoods and community. Marquette University's Campus Circle Comprehensive Neighborhood Revitalization Initiative has:

- Bought and managed more than 1,000 units of housing (with a mix of students and other residents).
- Rehabilitated 188 units without raising rents.
- Developed tenant councils to foster resident empowerment.
- Established a community-oriented policing project that helped decrease crime by 34 percent in 2 1/2 years.
- Constructed 84,000 square feet of rental commercial space.
- Attracted 13 new retail businesses to the area.
- Formed more than 20 partnerships with area landlords, the police department, businesses, social service agencies, homeless care providers, and residents.
- Surpassed its goal of using minority-owned, woman-owned, and disadvantaged businesses in 25 percent of its construction and professional services.
- Constructed 153 units of off-campus student housing.
- Contributed more than 65,000 hours of faculty, staff, and student volunteer time in 1995.

Barriers to implementation

The Campus Circle approach is adaptable and, indeed, other universities throughout the country are in the process of forming creative partnerships with neighborhood businesses, activists, associations, and residents to create comprehensive change. But it is also an expensive approach, requiring a tremendous amount of funds. Because it could accumulate extensive equity, the institution was able to leverage the additional funds necessary. While the project's immediate future is secure, long-term prospects are less clear. Originally the university thought that program operating costs would be covered by real estate investments, but this has not been the case; Marquette is covering the losses. Campus Circle is currently developing a plan for disposing of some of its undeveloped properties to break even.

> "Employers recognize that their ability to attract and retain employees is influenced by conditions in the surrounding neighborhoods."
> Michael Morgan, Department of City Development Commissioner

Application for the Westside Development Corporation

On a smaller scale, the city of Milwaukee is using the Marquette neighborhood anchor approach in a variety of settings. The city has convinced several major employers to act as neighborhood anchors, serving as the focal point for a multifaceted approach. Employers such as Master Lock and Harley-Davidson recognize that their ability to attract and retain employees is influenced by conditions in the surrounding neighborhoods. Consequently, they are developing partnerships with the city and with community-based organizations to address neighborhood problems in a coordinated, systematic fashion.

SACRAMENTO, CA
Oak Park

City context

Sacramento, the capital of the nation's most populous state, experienced rapid growth in employment, income, and population during the 1990s. The city's reasonable cost of living and supply of affordable housing have attracted businesses away from neighboring high-cost areas, such as the Bay Area. Sacramento's population increased 10 percent between 1990 and 2000, climbing to almost 400,000 people. An influx of businesses located in Sacramento around the same time, including Hewlett-Packard, Company NEC, Apple Computers, and Oracle. Business and population growth have contributed to the rise of property values in Sacramento. Home purchases, as measured by mortgage originations, increased here more than in any other of the top 100 largest cities in the country between 1996 and 2001, while mortgage loan amounts increased at about the same rate as the national average during the same time period.

Neighborhood Context

Oak Park, one of Sacramento's oldest communities, is beginning to experience changes in its housing market as well. The neighborhood is located southeast of downtown, adjacent to Tahoe Park, a middle-income community. Oak Park began as a farming community in the mid-1800s. The area developed into Sacramento's first suburban, middle-class neighborhood by the early 1900s.
The community started to decline in the 1930s when homeowners, affected first by the Depression and then World War II, were no longer able to maintain their properties. In response to a subsequent housing shortage, many owners divided their homes into rental units.

By the mid-1940s, residents were leaving Oak Park for newer suburbs with inexpensive homes, which led to further deterioration of the neighborhood's economic and social conditions. By the late 1960s, housing and commercial properties were in serious decline and the neighborhood was marked by vacant lots and poor infrastructure. The Redevelopment Agency of the City of Sacramento established Oak Park as a redevelopment area in 1973, which it remains today. The designation allows the agency to target its activities to the area.

The Oak Park neighborhood today is described as a diverse, densely populated, low-income residential area intersected by commercial streets. During the 1990s, the population grew about 7 percent, driven primarily by an increase in Latino residents. Latinos make up approximately one-third of the neighborhood, whites one-quarter and African Americans 20 percent.

Incomes in Oak Park rose slightly during the 1990s. The average family income in Oak Park increased by 5 percent, while the percent of renters in Oak Park paying more than 35 percent of their income for rent – a proxy for housing hardship -- decreased from 53 percent of the renters to 41 percent. The majority of Oak Park residents are renters; absentee landlords own a significant percentage of the rental housing. Oak Park neighborhood has a fair share of low-income housing, much of which is not well maintained.

Oak Park does have its attractions. It is close to William Land Park, a multipurpose park with picnic facilities, a golf course, and tennis courts. The neighborhood is also home to the Sacramento Zoo, the UC–Davis Medical Center, McGeorge Law School, and a local bakery. A number of community groups, churches, nonprofits, and coalitions are active within the neighborhood.
These groups include Kevin Johnson's St. Hope Corporation (SHDC), ACORN, Habitat for Humanity, city council member Lauren Hammond's Renaissance Project, Rebuilding Together, and Building Unity. Many faith-based organizations, especially in Oak Park, are active in building homeownership opportunities in lower-income communities. Redevelopment efforts by the Sacramento Housing & Redevelopment Agency (SHRA), nonprofits, and community organizations within the neighborhood include housing renovations, street and sidewalk improvements, and promotion of commercial investment.

Former NBA star Kevin Johnson's involvement in the Oak Park community has been influential in the redevelopment efforts. Johnson, an Oak Park native, has been involved with revitalizing the neighborhood since his first year in the NBA. In 1989, he founded St. Hope Academy, an intensive after-school language arts and math program. Johnson has since expanded St. Hope and its revitalization efforts in Oak Park, involvement in the neighborhood has provided motivation for revitalization efforts. The St. Hope Development Corporation transformed a 20,000 square foot complex into a commercially viable mixed-use property. The new development, 40 Acres, includes a bookstore, art gallery, barbershop, restaurant, Starbucks, and loft apartments.
SHRA loans and grants in addition to SHDC dollars funded the project. SHDC has also been involved with preserving and restoring other buildings in Oak Park.

Local real estate market

The neighborhood has begun to experience a resurgence over the past couple years due to the strong housing market citywide, the neighborhood's proximity to downtown's art and entertainment amenities and places of employment for many workers in the region, and the amenities located within Oak Park itself. Residents facing long commutes are moving closer to their places of employment, including neighborhoods close to downtown such as Oak Park. Although property values are increasing in Oak Park, inexpensive housing is still available. Those who cannot afford to live in many areas of Sacramento are gradually moving into the Oak Park because housing is less expensive. People have noticed an increase in first-time homebuyers moving into the community, along with longer-term households moving out. Some people believe that the recent boom in the housing market will encourage absentee homeowners to sell their properties now that there is a viable market in Oak Park. Ongoing problems with safety, crime, and drugs make the neighborhood an undesirable area for some development and higher-income residents.

Key strategies in revitalization effort: vacant property redevelopment

Key strategies used in Oak Park to promote revitalization and maintain affordable housing include rehabilitation through the Boarded and Vacant Homes Program and infill development through the Vacant Lot Development program. Both programs target the acquisition and redevelopment of vacant properties, and both serve to increase the stock of affordable housing while bringing investment to the neighborhood. Revitalization efforts in the Oak Park community have brought together community groups, churches, nonprofits, and the city council member to work together and address the abundance of vacant lots and buildings in the community and the low rate of homeownership.

These community groups were able to push policies that address urban infill by transforming vacant lots and abandoned buildings into affordable housing opportunities for residents. The SHRA, as a partner, has been instrumental in redevelopment efforts in the neighborhood.

Boarded and Vacant Homes Program

Established in 1997, the Boarded and Vacant Homes Program (BVHP) arose from the need to provide incentives for the rehabilitation and development of single-family boarded and vacant homes in the city and county of Sacramento.

Boarded and vacant properties have led to problems in SHRA redevelopment areas. Vacancies have come about in part due to the city's stringent code enforcement. The city tried to purchase and rehabilitate the properties, but this proved too cumbersome. Instead, the SHRA moved to an incentive-based system, the BVHP, to attract developers to rehabilitate and develop these properties, and then sell them to low-income households. Through BVHP, developers receive a $10,000 fee for properties in target areas, $15,000 in redevelopment areas, and $20,000 in the Oak Park redevelopment area, for the acquisition and rehabilitation of a single-family boarded and vacant home.

Homes eligible for the BVHP require a minimum of $15,000 of rehabilitation or must be listed on the city's Dangerous Buildings Inspector Cases Report. The developer must provide the acquisition and rehabilitation financing. The Sacramento Housing and Redevelopment Agency runs the BVHP program and allocates the developer fees. Homes must be sold to an owner-occupant and income limits apply to the buyer due to the funding source. The developer receives the fee after final inspection by the SHRA and the sale of the home to a homebuyer.

In a five-year period between 1997 and 2002, more than 115 homes were acquired citywide through BVHP and 101 were sold to owner-occupants. In total, 119 properties have been acquired, rehabilitated, and sold to low- and moderate-income homebuyers. Of the 119 homes, 24 have been completed in Oak Park with two pending.

Vacant Lot Development Program

The Vacant Lot Development Program (VLDP) is intended to encourage the acquisition and development of unimproved single-family vacant lots in the North Sacramento, Oak Park, and Walnut Grove redevelopment areas. VLDP is modeled after the BVHP program, and is similar to it in that it targets difficult properties on scattered sites, provides a developer fee upon completion of a project, and sets a regulatory agreement against the property to guarantee long-term owner-occupancy and affordability.

The Vacant Lot Development Program (VLDP) arose from the need to address the long-term difficulties connected with vacant lots, low owner-occupancy rate, and the lack of large homes in the North Sacramento neighborhood. Sacramento contemplated an infill policy, and brainstormed ideas to address the challenges of developing infill sites throughout Sacramento.

Oak Park and North Sacramento were identified as the communities most appropriate to test the VLDP on a pilot basis. The two neighborhoods are redevelopment areas with numerous long-standing undeveloped residential lots that have become areas for dumping and other illegal activities. Both areas also had enough available set-aside funds to capitalize the program. In 2002, the SHRA, the city of Sacramento, and the county of Sacramento approved $200,000 in funding for Oak Park for the pilot Vacant Lot Development Program, as well as funding for North Sacramento and Walnut Grove neighborhoods.

Developers participating in the VLDP receive a fee for the acquisition and development of a single-family residential vacant lot in the amount of $7,500 for a two-bedroom/two-bath house, $20,000 for a three-bedroom/two-bath house, and $25,000 for a four-bedroom/two-bath house. The new home must be sold to an income-qualified household at an affordable price due to the tax increment funding of the VLDP. The developer fee is allocated upon approved completion and sale of home to an owner-occupant. Residential subdivisions cannot be developed under the VLDP because the purpose is to target scattered sites within current residential neighborhoods. Special homebuyer financing is available for some buyers of these homes.

According to the SHRA, the pilot Vacant Lot Development Program has been a quick success. The initial allocation of $200,000 for Oak Park was used immediately for the construction of eight new homes: six four-bedroom homes and two three-bedroom homes.

Barriers to implementation

The Boarded and Vacant Homes program and the Vacant Lot Development program face similar challenges. The incentives offered through the two programs are provided to offset costs of infill development or otherwise make the projects financially feasible. The payoff for developers from developing large subdivisions in the suburbs is more lucrative than infill development.
Housing market strength also affects the value of the fee. In the early 1990s when the Sacramento housing market was not as strong, many properties were rehabilitated through the BVHP. Now that the market has strengthened, developers do not view the developer fee as much of an incentive as in years past.

The city is working on an updated infill policy that would make urban infill development more financially feasible through discounting fees and streamlining design review and plan-check processes. Although the BVHP and the VLDP provide developer fees, an arsenal of tools for affordable development, which inherently requires subsidy layering, is necessary. Many nonprofit developers use tax increment financing, Low-Income Housing Tax Credit (LIHTC), and Community Development Block Grant (CDBG) funds for affordable housing development. Some affordable housing deals use mortgage revenue bonds and take advantage of fee waivers and deferral provided by the SHRA. Another challenge has come from residents who are opposed to additional affordable housing in their neighborhood.

Some Oak Park residents feel the community already has a fair share of low-income housing and see a need for new market-rate units to attract higher-income residents into the neighborhood. Others want the new affordable housing because they believe it will ultimately encourage the development of market rate-housing. Some report that NIMBY-ism is a major problem for affordable housing development in both high- and low-income neighborhoods.

Various organizations in Sacramento are involved with community education and outreach to address the fears that affordable housing will have a negative impact on a community. The Sacramento Mutual Housing Alliance works with neighborhood organizations and provides affordable housing education and outreach before affordable housing development plans are even scheduled. SHRA staff has gone door-to-door to inform residents about the project taking place in their community. Very low income households tend not to be served by the vacant property redevelopment programs. The newly constructed single-family homes would require deeper subsidies to reach very low income people. Concerns still exist that the infill and homeownership programs, coupled with other revitalization forces in the Oak Park community, may fuel gentrification. Residents point to other neighborhoods in Sacramento to see the dwindling of economic diversity as a result of renovation projects.

Applications for the Westside Development Corporation

The increased investment and development in Oak Park is carried out in ways to balance redevelopment efforts with nondisplacement strategies. The Boarded and Vacant Homes and the Vacant Lot Development programs combined with various homeownership programs through the SHRA provide homeownership opportunities for residents to move into the rehabilitated properties. Oak Park practitioners learned the importance of involving the community in the planning and implementation of such strategies so that the community is aware of the potential benefits of redevelopment efforts. General misperceptions about affordable housing and NIMBYism within Oak Park and Sacramento have proven to be challenges to affordable housing development.

Development Recommendations for the Westside

While there are some short-term goals that can be pursued toward the development of the Westside Development Corporation area, this is very much a long-term effort. As the analysis of the demographic and socioeconomic data indicates, there are issues to be addressed in order for development to take hold in full force. For example, the data and anecdotal evidence show that this is an area with relatively low incomes, low educational attainment, comparable homeownership rates that are projected to decline, and in need of additional or improved amenities. This is also an area rich in culture with some strong assets around which development can be fostered. The proposed strategies build upon these rich cultural and physical assets to address the aforementioned issues. Making culture-based economic development one of the key components of the revitalization of the WDC area aligns the economy of the area with the trends of the U.S. and global economy, making the area more globally competitive.

For instance Dan Pink has argued that our economy has moved to "The Conceptual Age – Ruled by artistry, empathy, and emotion."[3] The causes of this shift to the Conceptual Age are Asia, automation, and abundance. Because of the comparative advantages of Asia, much manufacturing and even the white collar jobs "that can be reduced to a set of rules, routines, and instructions" are being outsourced. Automation drives the shift as "technologies are proving they can outperform human left brains – they can execute sequential, reductive, computational work better, faster, and more accurately than even those with the highest IQs." Abundance plays its role because as we have become wealthier, many of our lives are shaped more by abundance than scarcity. This "has unleashed a prosperity that in turn places a premium on less rational sensibilities – beauty, sprituality, emotion….In both business and personal life, now that our left-brain needs have largely been sated, our right-brain yearnings will demand to be fed."[4]

The upshot is that "our companies will continue to prosper only if they push to the higher ground of innovating and creating 'elegant, refined products and services' – which might well be produced elsewhere."[5] Or, as Roger Martin, Dean of the University of Toronto's Rotman School of Business puts it, "In this turbulent, get-real economy, the advantage goes to those who can outimagine and outcreate their

---

[3] Daniel H. Pink, *A Whole New Mind: Moving from the Information Age to the Conceptual Age*, 2005. Also see his article "Revention of the Right Brain," *Wired*, Feb. 2005, pp. 71-72.

[4] "Revenge of the Right Brain," *Wired*, Feb. 2005, pp. 71-72. He also discusses this in *A Whole New Mind.* Thomas Friedman also discusses these impacts, particularly with respect to the outsourcing phenomenon, in his book, *The World is Flat*.

[5] Bill Breen, "The Business of Design," *Fast Company*, April 2005, p. 69.

competitors."[6] In other words, the value-added in our companies will be derived from the creative activities of the firm. Creativity expressed through innovation has long played an integral role in the development of our economy, but with this shift to the Conceptual Age, it is becoming increasingly important. And, "to stay innovative, America must continue to attract the world's sharpest minds. And to do that, it needs to invest in the further development of its creative sector. Because wherever creativity goes – and, by extension, wherever talent goes – innovation and economic growth are sure to follow."[7]

Beyond the fact that global economic trends now demand development of the creative economy in order for a region to be globally competitive, culture-based economic development has the added benefit of "the artistic dividend," as Ann Markusen and David King have coined the term. This artistic dividend is "the aggregate economic impact that would not occur without the presence of artists."[8]

The dividend provided by artistic activity registers its impact on regional economies in several ways. First,

> Artists are thus not simply earning income from local activities. They are contributors to what economists call the economic base of a region – goods and services exported out of the region that enable the producers to earn incomes that are in turn spent in support of local-serving businesses as well as on imports of yet other goods and services. Every region must have a relatively unique economic base to thrive in a world heavily integrated through trade with other regional economies.[9]

Second, a vibrant arts community "will serve as a major drawing factor for the location of new businesses, the recruitment of new employers from elsewhere and further gravitation of artists to the region."[10] Third, the artistic dividend also impacts the economy by helping to "reinforce the loyalty of current residents and businesses to the region, providing the 'lovability' that is so essential to the future of a high wage region in a fast integrating world."[11] This is particularly important in the WDC area as talent has left the area as their incomes reach a certain level. Fourth, similar to big sporting events, arts events attract people from outside the region who spend money in local

---

[6] ibid
[7] Richard Florida, "America's Looming Creativity Crisis," *Harvard Business Review*, October 2004.
[8] Ann Markusen and David King, "The Artistic Dividend: The Arts' Hidden Contributions to Regional Development," July 2003, p. 4.
[9] Ann Markusen and David King, "The Artistic Dividend: The Arts' Hidden Contributions to Regional Development," July 2003, p. 6.
[10] Ibid. Also see Richard Florida, 2002, *The Rise of the Creative Class*, New York: Basic Books.
[11] Ibid. Also see Ann Markusen, 1996, "Toronto's Economic Future: A Rumination on Comparisons with Seven U.S. Cities. In Judith Kjellberg and Steven Webber, eds, *Urban Regions in a Global Context*, Toronto: Centre for Urban and Community Studies, University of Toronto, pp. 47-68.

restaurants, stores, and hotels.[12] Fifth, besides their main income source (which may not be arts-related), artists often times engage in other business activities related to their art adding value to the economy.[13] Sixth, they may also engage in teaching their art to others and thus, planting the seed for the creation of more businesses.[14] Seventh, they support and feed downstream businesses through the advertising, marketing, design, video production, photography, and other creative services provided to these businesses. This is becoming increasingly important as the economy given the shift to the Conceptual Age and the increasing globalization of the economy.[15] Eighth, artists, arts establishments, and artist-related loft spaces have been shown to have a significant impact on the revitalization of inner city neighborhoods.[16]

There are numerous examples of culture-based economic development being used to revitalize neighborhoods and local economies. Some examples were given in the previous case studies and other will be discussed later. Thus, artists and arts organizations can be a strong economic engine given the right circumstances as the examples illustrate. Fortunately, the WDC area, widely regarded as a center for Latino arts and culture, is home to several arts organizations and renowned artists. Given this fact and the aforementioned trends in the global economy, many of the following recommendations suggest culture-based economic development activities be pursued as the conditions in the WDC are ripe for this type of development and it will position the WDC area to be globally competitive for many years to come.

This is not to say that all of the strategies are culture-based. There is a balance achieved in the recommendations provided by more traditional economic development activities. In fact, as will be discussed, arguably the most important strategy to be pursued is to improve the education and training of the workforce in the WDC area.

With this background in mind, the following strategies to facilitate economic development in the WDC area are recommended.

---

[12] Ann Markusen and David King, "The Artistic Dividend: The Arts' Hidden Contributions to Regional Development," July 2003, p. 6.
[13] ibid
[14] Ibid
[15] Ann Markusen and David King, "The Artistic Dividend: The Arts' Hidden Contributions to Regional Development," July 2003, p. 7.
[16] Ann Markusen and David King, "The Artistic Dividend: The Arts' Hidden Contributions to Regional Development," July 2003, p. 7. Ann Markusen and Amanda Johnson, 2006, "Artists' Centers: Evolution and Impact on Careers, Neighborhoods, and Economies." Also cited in Markusen 2003: Metropolitan Regional Arts Council, 1985, *The Arts: A Regional Industry*, Saint Paul, MN: The Metropolitan Council. R. Leo Penne and James Shanahan, 1987, "The Role of the Arts in State and Local Economic Development." In Anthony J. Radich, ed. *Economic Impact of the Arts: A Sourcebook*. Washington, DC: National Conference of State Legislatures: 127-58. Sharon Zukin, 1982, *Loft Living: Culture and Capital in Urban Change*, Baltimore, MD: Johns Hopkins University Press.

(1) Work to improve the education and workforce development of the population of the WDC area
(2) Pursue mixed use developments wherever possible
(3) Implement an artist relocation program
(4) Develop an artisan village
(5) Engage in a marketing effort to attract companies from appropriate industries
(6) Pursue the attraction and creation of appropriate retail businesses, especially within mixed use developments
(7) Pursue the development of a creative business incubator or creative business park around the UTSA Downtown campus
(8) Encourage the universities to get deeply involved in the economic development of the area
(9) Create more festivals and events to attract people to the area
(10) Investigate developing closed schools and other facilities into live/work spaces for artists and other creative businesses
(11) Improve the amenities of the WDC area (e.g., more public art, improve the parks and add greenspace, create jogging and biking paths, develop Woodlawn Lake and Elmendorf Lake, expansion/creation of affordable sports programs, diversify restaurant base)
(12) Develop housing programs
(13) Work with MetroHealth and other healthcare providers to improve the health of the WDC population, including the creation of Health and Wellness Centers

(1) Improve education and workforce development at all levels

Having an educated and skilled workforce is the basis for economic development in any area. It is particularly important in today's global economy to have a workforce that is creative and can add value by creating something new (Tom Friedman, Dan Pink, etc.). Without the availability of a skilled workforce, it is very difficult to attract many companies to the area, even if they are offered lucrative incentive packages. Furthermore, innovation, which drives growth in any economy, will be relatively small (Nivin) and thriving companies in the area will have difficulty continuing their growth as they are constrained by the lack of skilled labor.

As noted earlier, the education levels of the population of the WDC areas are relatively low compared to the entire city and other areas within the city. If there is only one task pursued by the WDC in its effort to redevelop the area, improving education levels should be that one task. Achieving this will provide the skilled workforce necessary to attract new businesses to the area, fuel the growth of existing businesses, raise incomes, lower the crime rate, and yield other benefits. This is not a panacea, but making improvements in this area should create a virtuous cycle that fuels economic development.

Thus, it is imperative that the WDC work with its partners to make improvements in this area. In order to provide this focus, an Education and Workforce Development Task Force should be established within the WDC structure.

The emphasis should not be only focused on improving the percent of the population college degrees, as college is not for everyone. That is not to say this should be ignored, but focus should also be placed on improving high school graduation rates and providing support and encouragement for those not pursuing a college degree to seek training in some trade or craft. More will be said on this later.

To help increase high school graduation rates, the WDC Education and Workforce Development Task Force should work to expand mentorship opportunities and make sure all of those students who need mentors have one. As these students complete high school, the Task Force should work to make sure that the support infrastructure is in place to help these students maximize their financial aid, so they can afford to attend college.

It is also recommended that a joint-use facility focused on education, the arts, and perhaps service be pursued. This could be a charter school or a lab school (more innovative school for a district or in partnership with a school of education), or excellent magnet schools should be created by reorganizing the focus of the schools. Whatever the format, what is important is that expectations for children change and they have a broader understanding of what is possible. Give them a vision of what is possible for their future by making college visits to local universities or others throughout the country if possible. The school should be in a facility that is used seven days a week. It could be the location of several community services such as a health clinic open in the evenings and weekends, and used by the school during the day. The school theatre could be used for a community theatre program and the library could be open to the public on the weekend. In other words, community programming should be part of the outreach strategy of the school. Depending on the facility, non-profit(s) could also be located there. Common space could be used to exhibit art (student and professional) or perhaps a mini-museum of the history of the Westside of San Antonio. The school should be a destination and a place where excellence is part of the ethos.

An example of this is in Oak Park in Sacramento where a non-profit development corporation (St. Hope) started a charter high school. It has since expanded to a Pre-K through 12. The high schoolers have internships at the neighboring businesses which were part of a mixed use development (bookstore, theatre, art gallery, apartments). The programming is culturally relevant. They earn money and valuable life skills. The schools are now high performing and changing the futures for the kids in the neighborhoods. Graduation rates are up, and more students are going to college.

(2) Pursue mixed use developments wherever possible

As previously described, the WDC area is densely populated with people who earn relatively low incomes, on average, and who have little spending potential. In looking for potential sites for new stores, one of the main factors most retail companies focus on is disposable income levels. However, there is some retail leakage out of the WDC area in the categories of bookstores, clothing, electronics stores that provide some support for attracting retail to the area. These types of retail stores are often found within mixed-use developments. Additionally, in order to attract some of this retail to the area, it will probably be necessary to create market for the retail. Since mixed-use developments contain both live and work spaces, these developments will contribute to creating such a market. While these developments could occur wherever possible within the WDC area, it would be even more beneficial to pursue these developments around the main corridors of the universities located in the area. This has the added advantage of helping to keep some students who normally live outside of the WDC area near the university and helping to create the market for retail.

As already shown, mixed use developments provide benefits beyond just the revitalization of a specific building, neighborhood, or area. Revitalization is enough of a reason in and of itself, but if designed properly, mixed use developments can also decrease crime and improve the health of the people who live and work in the area.

For example, a report by the Prevention Institute – "The Built Environment and Health: 11 Profiles of Neighborhood Transformation" – provides eleven examples of how urban design can have positive impacts on the health of the community. Communities highlighted in this report include Boyle Heights, CA; Rochester, NY; Boston, MA; Denver, CO; South Los Angeles, CA; Hudson Heights, New York City; Stamford, CT; Seattle, WA; Wray, CO; and Philadelphia, PA.[17]

It is also recommended that with any development pursued within the WDC area that strategies of crime prevention through environmental design (CPTED) be pursued. This uses the design of the built environment to prevent crime and involves four strategies.

> **1. Natural Surveillance** - A design concept directed primarily at keeping intruders easily observable. Promoted by features that maximize visibility of people, parking areas and building entrances: doors and windows that look out on to streets and parking areas; pedestrian-friendly sidewalks and streets; front porches; adequate nighttime lighting.

[17] Prevention Institute, July 2004, "The Built Environment and Health: 11 Profiles of Neighborhood Transformation.

2. Territorial Reinforcement - Physical design can create or extend a sphere of influence. Users then develop a sense of territorial control while potential offenders, perceiving this control, are discouraged. This is promoted by features that define property lines and distinguish private spaces from public spaces using landscape plantings, pavement designs, gateway treatments, and "CPTED" fences.

3. Natural Access Control - A design concept directed primarily at decreasing crime opportunity by denying access to crime targets and creating in offenders a perception of risk. This is gained by designing streets, sidewalks, building entrances and neighborhood gateways to clearly indicate public routes and discouraging access to private areas with structural elements.

4. Target Hardening - Accomplished by features that prohibit entry or access: window locks, dead bolts for doors, interior door hinges.[18]

(3) Implement an artist relocation program

The artist relocation programs provide incentives to the artists for locating in a specific area. Often times these areas are designated as Arts Districts by the community's state, but it is not necessary to have this designation in order to implement this program. Under this program, incentives are provided to help attract artists to live and work in a particular area within the city. The core of the program is to provide loans with favorable terms to interested artists to purchase low-cost homes in need of refurbishment. Incentives may also be provided to the artist to make repairs to the home, and if necessary, the area is double-zoned so the artists can use the homes as both their living and working spaces. Thus, the program has the synergistic benefits of revitalizing a neighborhood through improvements to the housing stock, increasing home ownership rates, and enhancing the base of the creative economy by attracting new artists to the area. Finally, the program appears to require very little start-up financial capital, but it does require partnerships. The program is usually executed in partnership with the local development agency, the local government, a local bank, realtors that serve the area, and arts organizations.

Artist relocation programs have been used to revitalize areas throughout the country that appear to have some characteristics similar to the WDC area. Paducah, KY; Allegany County, MD (City of Cumberland); Chattanoga, TN; and Johnstown, PA are examples where this type of program has been used successfully. We provide a brief description of each program.

[18] Source: http://www.cpted-watch.com/

Paducah, KY[19]

The artist relocation program in Paducah, KY started in August of 2000 and appears to be an early implementer of this concept. It is also one of the most successful programs in the country. To date, seventy artists have relocated to Paducah from "Arizona, California, Hawaii, Illinois, Kansas, Maryland, Michigan, Missouri, New Hampshire, New York, North Carolina, Okalahoma, Tennessee, Texas, Washington, Washington D.C. and Wisconsin."[20] Artists from as far away as Germany have been attracted to Paducah because of this program. The program has been honored with several awards, including "the Governors Award in the Arts, The Kentucky Chapter of the American Planning Association Distinguished Planning Award, The American Planning Association National Planning Award and most recently Kentucky League of Cities Enterprise Cities Award."[21]

The location of the Artist Relocation Program in Paducah is an area called Lowertown. It is the oldest neighborhood in the city and is located four blocks from the Ohio River and downtown. As with many older neighborhoods throughout the country, Paducah was negatively impacted by urban sprawl becoming "an area once so worn out that people considered it good only for rental income."[22] It was neglected for over fifty years and had become a haven for drug dealers. Most of the housing stock was rental properties and the area was not believed to be a neighborhood where one would buy a home for a primary residence.[23]

With the creation of the Artist Relocation Program, incentives were put in place to try to attract artists to Lowertown from around the country. The incentives included:

(1) Dual zoning for commercial and residential use, so the artists could use the space for their living quarters as well as their galleries, studios, restaurants, or other relevant workspaces.
(2) 100% financing for purchase and rehabilitation of an existing structure or the building of a new structure.
(3) Attractive lending terms at 7% for a 30-year fixed rate loan up to 300% of appraised value provided by a local bank. The bank provided the rate at 7.5% and the City of Paduca bought down 0.5% to bring the rate to 7%.
(4) Free lots provided for new construction as available.
(5) City of Paducah pays up to $2,500 for architectural services or other professional fees.

[19] All information for this section comes from the http://www.paducaharts.com/ web site.
[20] Source: http://www.paducaharts.com/about_the_program.php
[21] ibid
[22] Source: Article from CreativeFortWayne.net as posted on http://www.paducaharts.com/.
[23] ibid

(6) Through placement of advertisements in national arts magazines and the web site, the Lowertown Arts District and Paducah are marketed nationwide. Exhibit 1 is an example of some of this advertising.
(7) Enterprise zone incentives.[24]
(8) Variety of types of properties eligible for purchase under this program including vacant lots, studios, bungalows, Victorian, retail, and condominiums.

With these incentives and the high priority given to this project by The City of Paducah and Paducah Bank, Paducah's Artist Relocation Program has achieved an astounding level of success. In their own words,

> The Program, still welcoming artists and arts related businesses, has transformed a down-and-out area of town into an up-and-coming, city supported arts and gallery district. Paducah's Artist Relocation Program has brought in over 70 artists to date, is nationally recognized for using the arts for neighborhood revitalization and is fast becoming a national cultural destination.[25]

The success of this Program has been noted in several articles in various publications and by numerous awards. The success has led to the development of a vibrant neighborhood that creates excitement in the community through the various festivals and events held in the area. Events include a Lowertown Art and Music Festival, Second Saturday, workshops, and other ongoing and special events. Thus, the area not only attracts people from all over Paducah and the surrounding area, but it has become a tourist destination for those interested in arts and culture.

This type of activity and success has led to the establishment of a gourmet restaurant, cafes, catering services, and other restaurants to open in the area.[26] In fact, Lowertown has reached a level of success that they are now moving into their next stage of development as noted in the following excerpt from their web site.

> The Artist Relocation Program is seeking to expand its Lowertown to include businesses and entrepreneur projects which consider health, exercise and a holistic lifestyle as the primary focus such as an acupuncturist, a bike shop, co-op health food store/green products, a dance studio, essential oils and other therapeutic services, nutrition centre, outdoor retail etc. The possibilities are only limited to your own imagination.[27]

[24] Source: http://www.paducaharts.com/ and article from CreativeFortWayne.net as posted on http://www.paducaharts.com/.
[25] Source: http://www.paducaharts.com/.
[26] Source: http://www.paducaharts.com/ and http://www.paducaharts.com/restaurants.php.
[27] Source: http://www.paducaharts.com/healthy_lifestyle.php.

Thus, because of the success of the Artist Relocation Program in Paducah, the Lowertown area is moving into development beyond the arts.

Exhibit 1

WANTED: *Chefs*

Paducah, Ky.'s Artist Relocation Program includes chefs

by Robert J. Benes

At a time when funding for the arts is constantly being cut, Paducah, Ky., has established an environment where artists and the arts are flourishing. Paducah's Artist Relocation Program was started in August of 2000, and is now a national model for using the arts for economic development—which includes seeing the influx of chefs and restaurateurs.

The town is divided into two parts. First there's Lowertown, home of the Artist Relocation Program, the oldest neighborhood in the city and just four blocks from the Ohio River and Downtown. In addition to artists, chefs from all over the country are deciding to relocate to Paducah. With the abundance of artists, tourism is booming in this town and that means hungry patrons, which also means there's a need for all kinds of eateries.

Lowertown already has a variety of places that satisfy hungry appetites, from Southern-style authentic Kentucky vittles, to private dining, to coffee shops and delis. But town officials want more restaurants to open and are willing to work with chefs in relocating to Paducah, which includes offering qualified chefs financial and tax incentives and other reimbursements.

In addition to Lowertown, there's Downtown. Like many small towns around the country, when the big shopping malls opened up on the outskirts of town, their downtowns were devastated and many have never recovered. The difference between Paducah and many of these other towns was their vision and love of the arts. Paducah is now fast becoming the newest cultural destination in the country, and those plans include independent restaurant development.

Other area attractions that keep tourism high year-round is Paducah's' well-established cultural community, which includes the Market House Museum, Museum of the American Quilters, Yeiser Art Center, Paducah Film Society, Paducah Symphony Orchestra, Market House Theatre, Community Concert Series and Maiden Alley Cinema with its yearly film festival. Also, the town has a $44 million performing arts center located downtown at the expanding Paducah riverfront project.

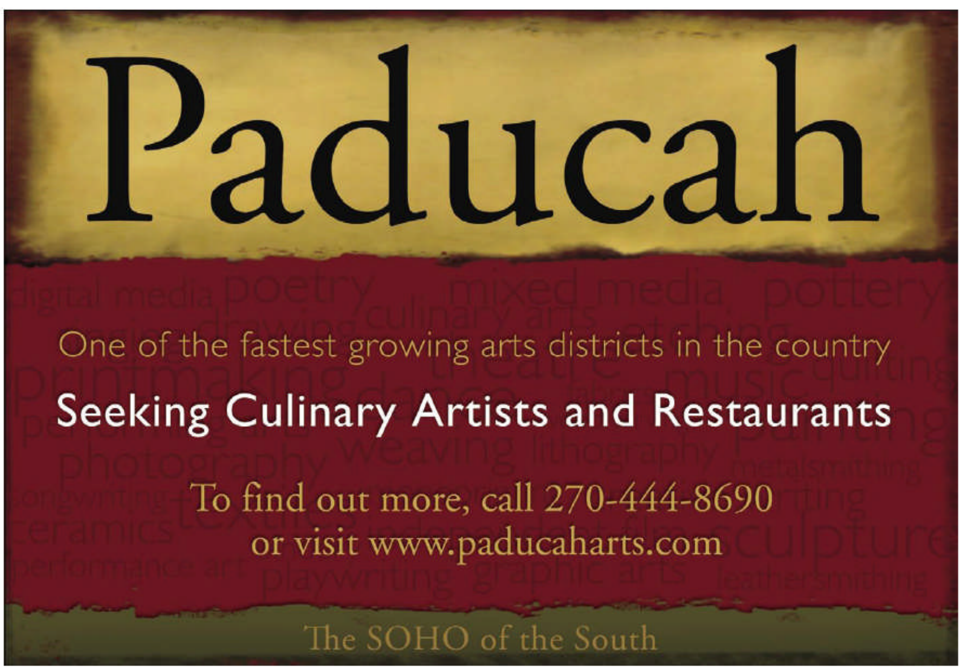
Denise Gordon, owner/chef of Café Minou, who earned a culinary degree from Johnson & Wales in Providence, R.I., says owning property was made easy with help from the city of Paducah and The Paducah Bank, "which has pumped a lot of money into Lowertown. For people who are credit worthy, they could be eligible for 100-percent financing with no money down from the bank."

Owner/chef Denise Gordon of Café Minou says Paducah is an untapped culinary market.

She explains Paducah is an untapped culinary market (she's currently the only full-service restaurant in Lowertown), where eating is a very popular activity among locals and tourists. "You can do all kinds of food in Paducah, because people are searching for variety. Many people from Paducah will drive an hour or more to find places to eat because they can't kind find a wide variety here.

"Paducah is wonderful place to expand one's restaurant business," she continues.

If you're interested in learning more about Paducah and its relocation incentives, visit www.paducaharts.com.



32 | Chef www.chefmagazine.com

Allegany County (Cumberland), MD[28]

The City of Cumberland (population 23,901)[29], located on the Potomac River, has a military history as a military outpost prior to the Revolutionary War. The city also developed into a transportation hub and commercial center given its links to the nation's railroad system and first National Road. The city was, at one time, home to many manufacturing companies, but with the decline of manufacturing in the U.S., the city began to experience loss in industry and economic decline. The city has begun an economic revival led by an emphasis on culture-based economic development mainly through its own artist relocation program within the city's state-designated Arts and Entertainment District.

Many incentives have been put in place within the Artist Relocation Program in Allegany County to attract artists to the area. A summary of these incentives follows.[30]

Incentive	Description
Rehabilitation Tax Credit Program	A tax credit will be provided on City real property taxes for properties wholly or partially constructed or renovated to be capable for use by a qualifying artist or arts enterprise located within the Arts & Entertainment District. The credit shall be the difference between the property tax that, but for the tax credit, would be payable after the completion of eligible improvements, and the property tax that would be payable if the eligible improvements were not made. This tax "freeze" is available for a period of up to 10 years based on the level of improvements made to the property. Qualifying commercial and residential properties are eligible for the tax "freeze". Properties must be located within the A&E District and a minimum of $5,000 investment must be

[28] The information for this section comes from http://www.alleganyartscouncil.org/static.php?page=6.
[29] Source: http://www.ci.cumberland.md.us/geninfo/cumbstory/cumbstory.html.
[30] The information on the incentives provided were pulled directly from http://www.alleganyartscouncil.org/static.php?page=4.

	made. Application must be made prior to work beginning with the City of Cumberland's Department of Community Development and a certificate of appropriateness from the Local Historic Preservation Commission must be obtained, when applicable.
Admissions & Amusement Tax Exemption Program	Enterprises dedicated to visual or performing arts located within the Arts & Entertainment District are exempt from the collection of the State of Maryland's Admissions and Amusement Tax. Businesses must qualify for the exemption and notification must be provided to the State of Maryland's Comptroller's Office in order to be eligible.
Income Tax Subtraction Modification Program	Qualifying artists who own or rent residential real property in the county where the Arts & Entertainment District is located, and who conduct business in the District, may be eligible for a Maryland personal income tax subtraction modification to eliminate state and local income tax on their income from the sale, publication, or production within the District of their artistic work that is written, composed, or executed within the District. This includes income derived from internet, mail order, and catalog sales of artistic work that is shipped from within the District to buyers in another location, if the qualifying artist created that artistic work within the District.

Enterprise Zone Tax Incentives	For qualifying businesses located within the Enterprise Zone, that business could be eligible for the following incentives: • Income tax credits on new employees • Property tax credits on new investments • Access to State venture capital fund • Special provisions for industrial bonds • One-step permitting process • Help with water lines, sewer lines and access roads • Help in preparing financial packages • Reimbursement of building permit fees and tappage fees for water and sewer • Educational and job counseling opportunities as well as vocational training Funds are provided through the State of Maryland in cooperation with the City of Cumberland and Allegany County.
Lenders Loan Pool	This program was created to encourage development of the downtown area by financing the start-up costs and renovations of businesses relocating and/or expanding within the Central Business District. Loans ranging from $10,000 - $100,000 are provided at 7% interest for a maximum of 60 months and can be used for expenses such as inventory, leasehold improvements, equipment, and receivables. Funds are provided by the City of Cumberland in partnership with Local

<table>
<tr><td></td><td>Banks and the State of Maryland.</td></tr>
<tr><td>Micro-Enterprise Grant Program</td><td>Funded through the Community Development Block Grant Program, this program is available for qualifying businesses locating within the targeted areas of the City.

• Grants of up to $2,500 are made available to assist micro businesses with start-up or retention costs including job creation, marketing, staff development, and project expansion.
• Businesses must not have more than 5 employees (including the owner) and the owner must be low income or the business must primarily serve a qualifying area of the City.

Funds are provided by the City of Cumberland through the Community Development Block Grant Program on an annual basis.</td></tr>
<tr><td>Commercial Façade Program</td><td>This program is funded through the Community Development Block Grant program and is available to qualifying commercial properties located within targeted areas of the City.

• All projects are limited to $2,000 total cost from both public and private sources. Grants are available within qualifying areas including Community Betterment Areas to encourage needed façade improvements including painting, window and door repair/replacements, porch repair, brick re-pointing, awnings, signage, landscaping and general streetscape</td></tr>
</table>

	improvements. • Qualifying businesses must be low income or the business must primarily serve a qualifying area of the City. Funds are provided by the City of Cumberland through the Community Development Block Grant Program on an annual basis.
Historic District Signage Program	These funds are provided through the Community Development Block Grant Program. Dollar for dollar matching grant funds of up to $999.00 are provided to businesses wishing to develop historically compatible signage within the Historic District. Approval from the Local Historic Commission is required prior to the awarding of funds. Funds are provided by the City of Cumberland through the Community Development Block Grant Program on an annual basis.
One Maryland	The One Maryland Tax Credit Program provides two special tax credits to businesses that initiate major investment projects in Maryland's most economically distressed jurisdictions, including Allegany County: • **The One Maryland Project Tax Credits** of up to $5 million are based on qualifying costs and expenses incurred by the business entity in connection with the acquisition, construction, rehabilitation, installation, and equipping of an eligible economic development project. The business entity must

	incur at least $500,000 in eligible project costs and must create at least 25 new qualified positions. • **One Maryland Start-up Tax Credits** of up to $500,000 are based on a business' cost to furnish and equip a new location for ordinary business functions and to move to a qualified distressed county from outside Maryland. 50 qualified new positions are required to qualify for the full $500,000 credit. Funds are provided through the State of Maryland in cooperation with the City of Cumberland and Allegany County.
Federal HUBZone Contracting Program	The HUBZone Empowerment Contracting Program was enacted into law as part of the Small Business Reauthorization Act of 1997. The program encourages economic development in historically underutilized business zones - "HUBZones" - through the establishment of preferences. SBA's HUBZone program is an effort to promote economic development and employment growth in distressed areas by providing access to more Federal contracting opportunities. A small business must meet all of the following criteria to qualify for the HUBZone program: • it must be located in a "historically underutilized business zone" or HUBZone. • it must be owned and controlled by one or more US Citizens, and • at least 35% of its employees

	must reside in a HUBZone. In addition, a qualifying small business must also locate within a Historically Underutilized Business Zone or ("HUB Zone"). Within the City of Cumberland, there is currently one qualified census tract (as defined in section 42(d)(5)(C)(i)(I) of the Internal Revenue Code of 1986); Federal Certification is required to participate in this program and the Small Business Administration (SBA) serves as the sponsoring agency.
Maryland Neighborhood BusinessWorks Program	The Neighborhood BusinessWorks Program is a critical revitalization tool for Maryland's communities. The program provides financial assistance to small businesses and nonprofit organizations locating or expanding in locally designated neighborhood revitalization areas throughout the State. The financial assistance may come in a number of forms, including low-interest loans or loan guarantees. • Eligible applicants are Maryland-based small businesses including Microenterprises (as defined by the US Small Business Administration) and non-profit organizations whose activities contribute to a broader revitalization effort, and whose projects are intended to promote investment in commercial districts or town centers, are eligible for the program. • Financing generally ranges from $25,000 - $500,000. Each project is reviewed for financial need, which may be up to 50 percent

	of total project costs. Refinancing is not considered part of the project cost. • Eligible projects include retail businesses (including franchises), manufacturing businesses, service-related businesses, and mixed-use projects consisting of a commercial or retail use. • Eligible uses of funds include marketing, planning and feasibility studies, real estate acquisition, new construction or rehabilitation, lease hold improvements, machinery and equipment, working capital (when part of the total project costs), certain other costs associated with opening or expanding a small business. Funds are provided through the State of Maryland's Department of Housing and Community Development.
Historic District Tax Credits (Local, State, & Federal)	There are a number of incentives available for individuals and businesses who purchase property in a designated Historic District. • **City of Cumberland Historic District Tax Incentive Program** For qualified renovations that have been approved by the Historic Preservation Commission, a ten-percent credit can be deducted from the property owner's annual city property taxes. A minimum expenditure of $5,000 is required. This credit can be used for up to five years if the amount of credit is greater than

	the amount of annual taxes due. Additionally, a city property tax assessment freeze is available for a period of up to ten years. The length of the freeze depends upon several factors: whether the property is commercial or residential in use and the amount of the expenditure in relation to the market value of the property. In 2006, this program was expanded to include not only the Canal Place Preservation District, but also all National Register of Historic Districts within Cumberland. Contact: Kathy McKenney 301-759-6431 or e-mail: **kmckenney@allconet.org**. Forms and instructions may be obtained by visiting the City website at **www.ci.cumberland.md.us** and following the links to "Departments", then to "Community Development", then to "Historic Preservation." • **Allegany County Historic District Tax Incentive Program** The Allegany County Commissioners have provided a tax assessment freeze equal to that received through the City of Cumberland's program. Applicants must have work approved by the Cumberland Historic Preservation Commission in order to be eligible. Approved City of Cumberland Historic Tax Incentive Applications will be forwarded to the Allegany

	County Office of Finance for processing. There is not a separate application required. • **Heritage Preservation Tax Credit** o Administered by the Maryland Historical Trust, this program provides Maryland income tax credits equal to 20% of the qualified capital costs expended in the rehabilitation of a "certified heritage structure." As of July 1, 2001, non-profit organizations and individuals have the option to select a cash refund, instead of income tax credits. A yearly cap is in effect for commercial buildings and a project cap is in effect for residential buildings. The Maryland Historical Trust, prior to the commencement of work, must approve all applications. More information about this program can be obtained by contacting the Maryland Historical Trust's Office of Preservation Services at 410-514-7627 or 410-514-7628. Forms and instructions may be obtained by visiting the website at **www.marylandhistoricaltrust.net** and clicking "Forms and Documents". • **Maryland Historical Trust Historic Preservation Loan Program** Preservation loans are provided to non-profit organizations, local jurisdictions, business entities, and individuals for the purpose

	of acquiring or rehabilitating all categories of real property listed in or eligible for listing in the Maryland Register of Historic Properties. Loans to business entities and individuals bear interest at a fixed annual rate 1/8 percent higher than the most recently sold State general obligation bonds (most recently this has been around 5%). Applicant must submit proof that they are unable to secure private financing for the requested loan amount. More information about this program can be obtained by contacting the Maryland Historical Trust's Office of Preservation Services at 410-514-7627 or 410-514-7628. Application Forms may be obtained by visiting the website at www.marylandhistoricaltrust.net and clicking "Forms and Documents". • **Maryland Historical Trust Capital Grant Program** Applications are available year round, but this is a highly competitive program with awards being made only one time each year. More information about this program can be obtained by contacting the Maryland Historical Trust's Office of Preservation Services at 410-514-7627 or 410-514-7628. Application forms and instructions may be obtained by visiting the website at www.marylandhistoricaltrust.n

	et and clicking "Forms and Documents". • **Maryland Historical Trust Emergency Assistance Program** A reserve of twenty percent of the total Maryland Historical Trust Grant Fund is withheld each year to help meet needs that may arise throughout the year. Those in need of emergency funding must complete the MHT Capital Grant application, as though applying at the beginning of the regular grant cycle. More information about this program can be obtained by contacting the Maryland Historical Trust's Office of Preservation Services at 410-514-7627 or 410-514-7628. Applications and forms may be obtained by visiting the website at **www.marylandhistoricaltrust.net** and clicking "Forms and Documents". **Federal Tax Incentive Program** The program enables the owners or long-term leaseholders of income-producing certified historic structures (listed in the National Register of Historic Places, or a contributing element within the boundaries of an historic district), to receive a federal tax credit. The credit amounts to 20 percent of the cost of a certified rehabilitation (a rehabilitation that meets the Secretary of the Interior's "Standards for Rehabilitation"). Applications for this program contain three parts and are available through

	the Maryland Historical Trust. More information about this program can be obtained by contacting the Maryland Historical Trust's Office of Preservation Services at 410-514-7627 or 410-514-7628. More information can be found on the National Park Service's Heritage Preservations Services website, located at **www2.cr.nps.gov/tps/tax**.

Similar to Paducah, emphasis is also placed on marketing the program. This includes maintenance of a real estate database and an arrangement with a local realtor group whereby the realtors are provided training on the Program, so they can adequately market the program to their clients.

With the successful marketing and incentives, the Program has been successful in attracting "dozens of artists"[31] and their galleries, retail stores, and other business operations to the area leading to its revitalization. This success has led to "a new emphasis on tourism"[32] as tourists are attracted to the area to attend the galleries, arts-related stores, new restaurants, and numerous festivals and events.

> Downtown Cumberland's Arts & Entertainment District can also boast of a variety of restaurants and bars that feature live music and outdoor dining, a coffee shop, a creamery, a charming Farmer's Market every week during the summer and fall months, and a full schedule of seasonal events that include the Friday After Five music series, Saturday Arts Walks, and the annual Mountain Maryland Artists' Studio Tour.[33]

This success has led to many awards and the expansion of the Arts and Entertainment District by the State of Maryland. Furthermore, and arguably most remarkable, despite the precipitous fall in the housing market and the historical credit crunch, "the value of real estate in and around the City of Cumberland continues to trend upwards."[34]

Chattanooga, TN[35]

Instead of focusing on one neighborhood the Artist Relocation Program in Chattanooga, TN – ArtsMove - provides incentives for artists of all types to move into

[31] Source: http://www.alleganyartscouncil.org/static.php?page=6.
[32] ibid
[33] ibid
[34] ibid
[35] The source of the information in this section is the ArtsMove web site: http://artsmove.org/.

residences in five qualifying neighborhoods. As posted on the ArtsMove web site, the incentives are described as follows.

> The ArtsMove Relocation Incentive is designed to assist qualifying artists of all disciplines to purchase residential property in Chattanooga's qualifying in-town neighborhoods. The incentive is an up to $15,000 5-year forgivable mortgage which requires no pre-payment and accrues no interest, provided the artist purchases property in a qualifying neighborhood and the property remains owner occupied for the full 5-year term. Qualifying neighborhoods:
>
> - Cowart Place
> - Jefferson Heights
> - M L King District
> - Fort Negley
> - Main Street
>
> Artists may use the incentive for down payment assistance, closing costs, prepaid expenses and upgrades included in the sales contract. Uses are limited to those allowed by the artist's lender.[36]

These incentives have helped attract about twenty-five artists[37] to the aforementioned neighborhoods within the first two phases of the program. ArtsMove has now moved into Phase III.

Johnstown, PA[38]

Johnstown, PA is a city of 28,134 people within a metropolitan area of 241,247 people 70 miles east of Pittsburgh.[39] The city's economy was built on the iron, coal, and steel industries. It also has an active tourism industry. It appears that the decline of the iron, coal, and steel industries negatively impacted the city's economy, but the industries are still a major component of the economy.[40]

The Artist Relocation Program in the Kernville Arts District of Johnstown, PA is very similar to the programs in the other previously discussed cities. Like the other areas, the Program is a private-public partnership among local government, arts organizations, and businesses, particularly a local bank in the area. The effort targets the Kernville Arts District, which is contiguous to the central business district and

---

[36] Source: http://artsmove.org/page/incentive-programs-promotions.
[37] Source: http://artsmove.org/page/incentive-programs-promotions.
[38] The source of the information for this section mainly comes from http://www.johnstownartspa.com/.
[39] Source: http://www.visitjohnstownpa.com/history/didyouknow.php.
[40] Source: http://www.visitjohnstownpa.com/history/generalinfo.php.

attracts artists to refurbish live/work residences through an incentive program. In order to be eligible for the incentives, the artist has to be the owner-occupant of the facility and manufacture and sell art from their live/work residence. The incentives include:

- Inexpensive properties and a low cost of living.
- Affordable mortgage from Ameriserv Financial.
  - 80% of as–complete property value.
  - 1% below current 30–year fixed rate.
  - 6–month construction draw period with draw fees waived.
  - 30–year loan term.
- $10,000 grant from the City of Johnstown when available for the first four artists who purchase property in each calendar year.
- $2,500 in architectural assistance from The Community Foundation for the Alleghenies.
- Low-interest financing from the City of Johnstown and The Progress Fund for art–related equipment, machinery, inventory, and working capital.
- Low-cost city owned properties.

The Program has also been successful in attracting numerous artists to the area. A list of the artists can be found on the Johnstown Artists Relocation Program web site. The area is now also home to many events and festivals as it has grown into an arts destination. For example, the Johnstown annual FolkFest attracts over 130,000 people.[41]

Summary

Artist Relocation Programs in various cities – some with similar characteristics to San Antonio and the WDC area – have been very successful as engines of redevelopment. These programs attract artists into the areas by providing them with incentives to move into homes and refurbish them into their live/work spaces. The area is zoned to allow the artists to both live in their homes and produce and sell their art or operate other arts-related businesses out of their homes. The serves to not only improve the housing stock and the neighborhoods, but it increases home-ownership rates in areas that had been written off as areas for rental properties. It also created economic activity that attracted new restaurants, retail, and other businesses to the area, as well as spurred the creation of new arts events and festivals. These various events are now tourist attractions for many of these areas serving to attract new money into the area and providing the fuel for economic development well into the future.

[41] Source: http://www.visitjohnstownpa.com/history/didyouknow.php.

(4) Develop an artisan village

This recommendation is a combination of the suggestions to improve education and engage in more workforce development, pursue mixed use developments, and implement an artist relocation program. It also builds upon the rich artistic and cultural resources of the WDC area. As discussed earlier, these types of "artists centers"[42] have been shown to be catalysts to revitalization of neighborhoods.

> Many centers have contributed to neighborhood and community development by raising cultural awareness and helping communities use art to solve problemts, connect residents with each other, and express identity and pride. Many have contributed to the commercial vitality of their immediate surroundings by investing in historic or new buildings, bringing artists and audiences to the neighborhood day and night, encouraging restaurant and service start-ups and façade improvements. In Northfield and New York Mills, the Guild and Regional Cultural Center respectively have become important anchor tenants on main street and attracted visitors from a much large region.[43]

A core element of this recommendation is to develop or enhance programs that will train those who have the skills and interest to develop a craft. While increasing the percentage of the population with a college degree should be a key strategy, college is not for everyone. However, many of those who choose not to pursue college will still need and want to develop some sort of skill toward their career development. The WDC area has historically been an area that produces artists and craftsmen of international acclaim. The area is also home to some outstanding arts and cultural resources. Building upon this heritage and present resources, developing a training program in partnership with interested and available organizations that will provide the opportunity for WDC citizens to develop a craft in woodworking, glassblowing, furniture making, cabinetry, photography, culinary arts, and other arts and craft skills will provide those who are interested with the skills to succeed in a creative economy.

The ultimate goal is to create a cluster of these artisans with the full support network within the WDC who are producing world class products that can be exported outside of the region. This "import replacement," as Jane Jacobs called it,[44] is when economic development really begins to blossom. Additionally, as these artisans develop reputations for their high quality and creative products, the artisan village may

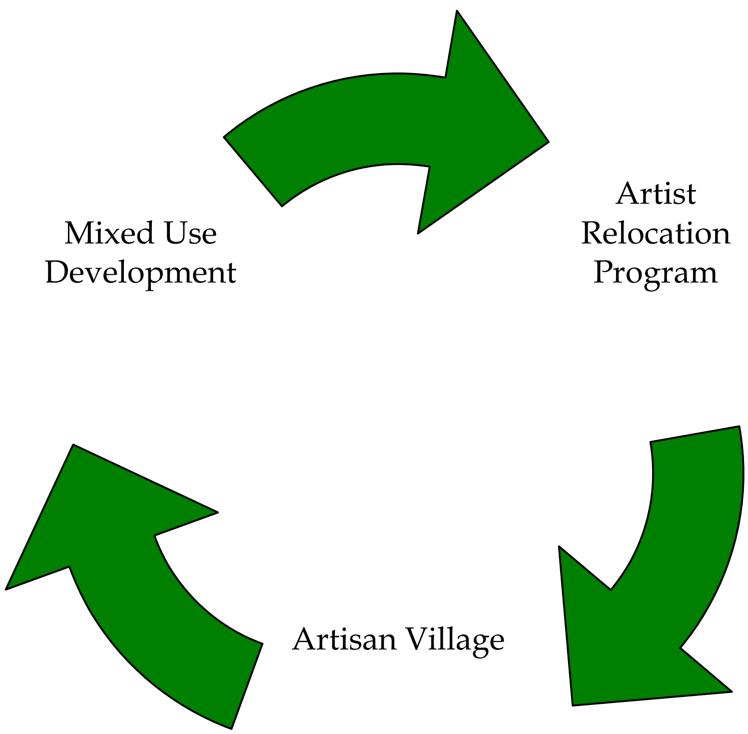
---

[42] Ann Markusen and Amanda Johnson, 2006, "Artists' Centers: Evolution and Impact on Careers, Neighborhoods, and Economies."
[43] Ann Markusen and Amanda Johnson, 2006, "Artists' Centers: Evolution and Impact on Careers, Neighborhoods, and Economies," p. 10.
[44] Jane Jacobs, *Wealth of Cities*

develop into a tourist attraction as people visit San Antonio to watch them work and purchase their products.

Achievement of these goals will also help create a market attractive for additional retail. Furthermore, the shopping and restaurants that are created in the mixed use developments and through the development catalyzed by the artist relocation program will feed the development of the artisan village by providing the amenities that will heighten the experience and help attract people to the area. The artisan village will also facilitate the success of the artist relocation program by feeding the development of an artistic cluster as more artisans and craftsmen are trained and achieve success and by attracting more people to the area. This will also add value to the mixed use developments by making them more attractive to the people looking to move into the developments, as they may be attracted to an area alive with arts and culture. Thus, these three strategies will create a feedback loop (see Exhibit 2) that will help each be more successful than if they were pursued independently.

Exhibit 2



A good example of economic leverage provided through an artisan village model was recently featured PBS's Frontline. In the Mexican state of Chihuahua, the village of

Mata Ortiz is widely known for its unique pottery making methods derived from the Paquime Indians, a culture that died hundreds of years ago. Once one of the poorest communities suffering from the death of the timber industry, Mata Ortiz has successfully transformed its economy and is now one of the more affluent villages in Mexico.

This transformation started with a man named Juan Quezada who taught himself, through years of trial and error, to make copies of the Paquime Indian pots found in nearby caves. The pottery that was initially sold door to door and traded for used clothing until it ended up in a second hand store in New Mexico.

Its quality was recognized by an anthropologist and art collector who worked with Quezada for six years to establish a market in the United States. It has since spawned a business model based on an artisan culture actively shared throughout the village by Quezada. Now established, that artisan culture has given rise to other diversified cottage industries in surrounding villages working in with materials such as silver and precious stones. Quezada's extension of his skill to the people of his village is today the subject of corridos or ballads praising and thanking him as a great teacher and friend to the state of Chihuahua.

Quezada who is essentially illiterate successfully brought about economic prosperity in his region by creating a unique high craft, diversifying it through an artisan culture, and leveraging a large market. His work has earned him recognition from the Mexican government who has opened a museum in Casas Grandes and awarded him the prestigious Premio Nacional de los Artes. The same award was given to Diego Rivera, and is the highest honor that can be bestowed upon a living artist.

(5) Engage in a marketing effort to attract companies from labor intensive manufacturing {and develop a creative industry business park near downtown}

Most people think of economic development as simply attracting new companies to the area. This is certainly an important component of the total economic development effort, but even attraction of companies takes quite a bit of work over a fairly lengthy period of time. Furthermore, in order to attract companies to the area, the economic foundation has to be in place for the company. The "economic foundation" means that the area has to have a properly educated and trained workforce readily available to the company, a good quality of life, relatively low level of crime, good infrastructure, and reliable and cost-efficient utilities. For example, *Site Selection* magazine conducted a survey of business executives and asked them the most important business climate factors.[45] The ranking was as follows:

[45] Source: http://www.siteselection.com/issues/2007/nov/editorsView/.

(1) Existing workforce skills
(2) Ease of permitting and regulatory procedures
(3) The state and local tax scheme
(4) Land and building prices and supply
(5) Avilability of incentives
(6) Transportation infrastructure
(7) State and local economic development strategies
(8) Flexibility of incentive programs
(9) Access to higher education resources
(10) Union activity

As shown in the results to this survey, having a skilled workforce is the most important business climate characteristic. Thus, certain inputs have to be in place in order to attract companies to a region. Once this foundation is in place, financial incentives, if necessary, can help close the deal with the company. Without this foundation, it is unlikely that financial incentives alone will attract the company to the area.

Taking a step back in a sense, the importance of market forces also have to be considered. For example, if a shift in a particular industry creates an environment where central standard time and proximity to a major auto manufacturer will make an enterprise more competitive there is opportunity to be had in attracting competitors in that industry to the San Antonio area. If there are no market forces creating opportunity for investment in growth or expansion to an area all other variables are moot. Expansion or relocation is one of the most capital intensive activities in which a company can engage. Without market forces aligning to make any area more compelling with respect to enhancing business competitiveness, large scale investment and job creation is unlikely to occur.

Aggregating each of the variables, outside of market forces, into a low risk value proposal for a potential investor is most directly accomplished by crystallizing what is and has been successful in the area utilizing inherent assets such as a large pool of accessible, trainable, and dependable labor.

Two variables are examined to establish what is already operating and thriving in the WDC to key in on the industry and business model characteristics of likely targets for attraction. The first variable is the industries that are producing the most direct employment to the area, and secondly the types of establishments that are exhibiting the most sales/assets in the area. All governmental and non-profit establishments were excluded.

Based on the Appendix Titled "Westside Development Corporation Businesses," the following industries illustrate the types of business that are present and thriving in the WDC. This list is used to shape the general strengths the area may provide given the known demographics, geographic, and socioeconomic characteristics.

424810 Beer and Ale Merchant Wholesalers

This industry comprises establishments primarily engaged in the merchant wholesale distribution of beer, ale, porter, and other fermented malt beverages.

314999 All Other Miscellaneous Textile Product Mills

This U.S. industry comprises establishments primarily engaged in manufacturing textile products (except carpets and rugs; curtains and linens; textile bags and canvas products; rope, cordage, and twine; and tire cords and tire fabrics) from purchased materials. These establishments may further embellish the textile products they manufacture with decorative stitching. Establishments primarily engaged in adding decorative stitching such as embroidery or other art needlework on textile products, including apparel, on a contract or fee basis for the trade, are included in this industry.

Illustrative Examples:

Batts and batting (except nonwoven fabrics) manufacturing Embroidering on textile products or apparel for the trade Carpet cutting and binding Sleeping bags manufacturing Diapers (except disposable) made from purchased materials Textile fire hoses made from purchased materials Dust cloths made from purchased fabric

561720 Janitorial Services

This industry comprises establishments primarily engaged in cleaning building interiors, interiors of transportation equipment (e.g., aircraft, rail cars, ships), and/or windows.

Illustrative Examples:

Custodial services Service station cleaning and degreasing services Housekeeping (i.e., cleaning) services Washroom sanitation services Maid (i.e., cleaning) services

311611 Animal (except Poultry) Slaughtering

This U.S. industry comprises establishments primarily engaged in slaughtering animals (except poultry and small game). Establishments that slaughter and prepare meats are included in this industry.

424480 Fresh Fruit and Vegetable Merchant Wholesalers

This industry comprises establishments primarily engaged in the merchant wholesale distribution of fresh fruits and vegetables.

441310 Automotive Parts and Accessories Stores

This industry comprises one or more of the following: (1) establishments known as automotive supply stores primarily engaged in retailing new, used, and/or rebuilt automotive parts and accessories; (2) automotive supply stores that are primarily engaged in both retailing automotive parts and accessories and repairing automobiles; and (3) establishments primarily engaged in retailing and installing automotive accessories.

Illustrative Examples: Automotive parts and supply stores, Truck cap stores, Automotive stereo stores, Used automotive parts stores, Speed shops

425120 Wholesale Trade Agents and Brokers

This industry comprises wholesale trade agents and brokers acting on behalf of buyers or sellers in the wholesale distribution of goods. Agents and brokers do not take title to the goods being sold but rather receive a commission or fee for their service. Agents and brokers for all durable and nondurable goods are included in this industry.

315291 Infants' Cut and Sew Apparel Manufacturing

This U.S. industry comprises establishments primarily engaged in manufacturing infants' dresses, blouses, shirts, and all other infants' wear from purchased fabric. Infants' clothing jobbers, who perform entrepreneurial functions involved in apparel manufacture, including buying raw materials, designing and preparing samples, arranging for apparel to be made from their materials, and marketing finished apparel, are included. For the purposes of classification, the term "infants' apparel" includes apparel for young children of an age not exceeding 24 months.

424990 Other Miscellaneous Nondurable Goods Merchant Wholesalers

This industry comprises establishments primarily engaged in the merchant wholesale distribution of nondurable goods (except printing and writing paper;

stationery and office supplies; industrial and personal service paper; drugs and druggists' sundries; apparel, piece goods, and notions; grocery and related products; farm product raw materials; chemical and allied products; petroleum and petroleum products; beer, wine, and distilled alcoholic beverages; farm supplies; books, periodicals and newspapers; flower, nursery stock and florists' supplies; tobacco and tobacco products; and paint, varnishes, wallpaper, and supplies).

Illustrative Examples: Artists' supplies merchant wholesalers, Pet supplies (except pet food) merchant wholesalers, Burlap merchant wholesalers, Statuary goods (except religious) merchant wholesalers, Christmas trees merchant wholesalers, Textile bags merchant wholesalers, Industrial yarn merchant wholesalers

<u>3118 Blankbook, Looseleaf Binders, and Devices Manufacturing</u>

This U.S. industry comprises establishments primarily engaged in manufacturing blankbooks, looseleaf devices, and binders. Establishments in this industry may print or print and bind.

<u>424910 Farm Supplies Merchant Wholesalers</u>

This industry comprises establishments primarily engaged in the merchant wholesale distribution of farm supplies, such as animal feeds, fertilizers, agricultural chemicals, pesticides, plant seeds, and plant bulbs.

<u>0314999 All Other Miscellaneous Textile Product Mills</u>

This U.S. industry comprises establishments primarily engaged in manufacturing textile products (except carpets and rugs; curtains and linens; textile bags and canvas products; rope, cordage, and twine; and tire cords and tire fabrics) from purchased materials. These establishments may further embellish the textile products they manufacture with decorative stitching. Establishments primarily engaged in adding decorative stitching such as embroidery or other art needlework on textile products, including apparel, on a contract or fee basis for the trade, are included in this industry.

Illustrative Examples: Batts and batting (except nonwoven fabrics) manufacturing Embroidering on textile products or apparel for the trade Carpet cutting and binding Sleeping bags manufacturing Diapers (except disposable) made from purchased materials Textile fire hoses made from purchased materials Dust cloths made from purchased fabric

424480 Fresh Fruit and Vegetable Merchant Wholesalers

This industry comprises establishments primarily engaged in the merchant wholesale distribution of fresh fruits and vegetables.

238 Specialty Trade Contractors

The Specialty Trade Contractors subsector comprises establishments whose primary activity is performing specific activities (e.g., pouring concrete, site preparation, plumbing, painting, and electrical work) involved in building construction or other activities that are similar for all types of construction, but that are not responsible for the entire project. The work performed may include new work, additions, alterations, maintenance, and repairs. The production work performed by establishments in this subsector is usually subcontracted from establishments of the general contractor type or operative builders, but especially in remodeling and repair construction, work also may be done directly for the owner of the property. Specialty trade contractors usually perform most of their work at the construction site, although they may have shops where they perform prefabrication and other work. Establishments primarily engaged in preparing sites for new construction are also included in this subsector.

There are substantial differences in types of equipment, work force skills, and other inputs required by specialty trade contractors. Establishments in this subsector are classified based on the underlying production function for the specialty trade in which they specialize. Throughout the Specialty Trade Contractors subsector, establishments commonly provide both the parts and labor required to complete work. For example, electrical contractors supply the current-carrying and noncurrent-carrying wiring devices that are required to install a circuit. Plumbing, Heating, and Air-Conditioning contractors also supply the parts required to complete a contract.

561499 All Other Business Support Services

This U.S. industry comprises establishments primarily engaged in providing business support services (except secretarial and other document preparation services; telephone answering and telemarketing services; private mail services or document copying services conducted as separate activities or in conjunction with other office support services; monetary debt collection services; credit reporting services; repossession services; and court reporting and stenotype recording services).

Illustrative Examples: Address bar coding services Fundraising organization services on a contract or fee basis Bar code imprinting services Mail presorting services

339950 Sign Manufacturing

This industry comprises establishments primarily engaged in manufacturing signs and related displays of all materials (except printing paper and paperboard signs, notices and displays).

The dominant characteristics throughout these industries as they relate to the characteristics of the WDC are summarized as:

1.) Utilization of large pool of manual labor
2.) Not dependent upon foot or auto traffic for sales
3.) Deal primarily in high volume production
4.) People-dependent (not cost-effectively automated) production, processing, or distribution
5.) Production for regional, national, or international markets where central United States location is an advantage in supply chain management
6.) Low to moderate power consumption operations
7.) Government contracting for products that can utilize all other variables
8.) Utilization of trade skills such as sign making or various types of specialized construction skills

Should an industry attraction strategy (focused primarily on job creation) be pursued, a value proposition can immediately be made to industries and business that share some of these characteristics. That is not to say that this is all that is attainable in an attraction strategy. Rather, business with these characteristics may likely respond to the characteristics of the area based on what is currently thriving. Although the characteristics are not what one would think larger investments such as Toyota or Microsoft would necessarily seek out, the characteristics do present a unique and very compelling selling position for the certain business.

An example of a solid manufacturing business is Hill Country Bakery. This wholesale/retail bakery just outside the WDC is the largest supplier of baked goods to Starbucks in the United States. Employees make close to $15 dollars an hour including benefits. Benefits include medical insurance ($0 deductible), dental, long/short term disability, paid holidays, bonus and vacation time. It is currently undergoing an expansion and competing for another major contract with Starbucks to become a supplier to international locations. This is a type of business that possess many of the same characteristics as other employers in the WDC study area but manages to secure a healthy enough profit margin by supplying to an international retail outlet.

Another good example of a company that leverages these assets and relies on a government contracting is UEMC. UEMC, Inc. is a woman owned, certified HUBZone government contractor. They provide contract sewing, fabric spreading and cutting, dye cutting, screen printing, and military packaging. This operation ensures that kind of volume needed for a profitable business model through government contracting. As long as the laws such as the Berry Act and the Buy American Act are not diluted at least 51% of production of these goods will have to remain on US soil, thereby securing the area's advantage in low cost assembly labor.

Government contracting could alleviate some of the risks associated with pursuing business that compete largely on the basis of plentiful low-cost labor. Many low-skill manufacturing jobs have been outsourced to developing countries (Mexico, China) where costs and regulations associated with managing a large workforce are far lower and less restrictive. As previously stated this would not be advisable as a long term strategy, but could be a short term option if an attraction strategy were pursued.

As previously discussed, in order to be successful in attracting companies to the area in general, it is necessary to have the basic foundation of economic inputs available to companies looking to locate in the area. While work is being done to get the complete foundation laid, there are some possibilities for attracting new companies to the area in the short to mid-term as just discussed.

In order to accomplish this, it is recommended that the WDC pursue two tracks. First, meet with the San Antonio Economic Development Foundation (EDF) leadership to inform them of the effort to redevelop the WDC area and maintain a relationship with the EDF to keep them informed of the success of the development. Second, establish a marketing campaign targeting these companies. This second track may be duplicative of the efforts of the EDF, and if a joint marketing arrangement can be made with the EDF, that should certainly be pursued. However, while the EDF will certainly work to bring a company to the area if the area meets the requirements of the company, they cover a large area, and thus, in order to provide a focus on attracting companies to the WDC area, it may be worthwhile for the WDC to establish its own marketing campaign targeting companies in the aforementioned industries. This campaign should include ad placements in relevant trade journals and visitations to appropriate companies to inform them about the WDC area. Again, as the area develops and more of the foundation is put in place, the focus will broaden. The Economic Analysis and Coordination Division of the City of San Antonio Economic Development Department will provide analytical support to find companies that may be worth visiting, if the WDC so desires.

(6) Pursue the attraction of retail businesses, especially within mixed-use developments

In regards to retail opportunity the WDC presents some unique strengths that can be leveraged to increase the opportunity for retail development. The WDC represents one of the most densely populated areas in San Antonio with very significant traffic counts through two of its main corridors. It neighbors downtown San Antonio which sees upwards of 20 million visitors annually and finally, the WDC study area draws a significant student population through educational institutions such as St. Mary's University, the University of Texas at San Antonio downtown campus, and Our Lady of the Lake University. It is also nearby and accessible to market segments with larger disposable incomes and a higher than average spending pattern in arts and entertainment consumption located just North and Northwest of the WDC.

The challenges the WDC faces consist primarily of dominant market segment (Southwestern Families) spending patterns which are strongly influenced by keeping afloat their family centered households. Minimal spending outside of that paradigm is can be expected. Other issues such as population flight in prime earning years, more crimes per 1000 people, and vandalism are all significant challenges. Additionally, retail competition significantly reduces leakage within a 10-minute drive time indicating there are establishments just outside the boundaries of the WDC that are serving this population in may product and services groups.

A retail strategy can be built upon two tactics. First attracting development retail focused on serving the existing market segments (population in and around the WDC) based on leakage and business model. The second is to capitalize on the significant external consumers to support corridor development by accessing as many external markets simultaneously when possible.

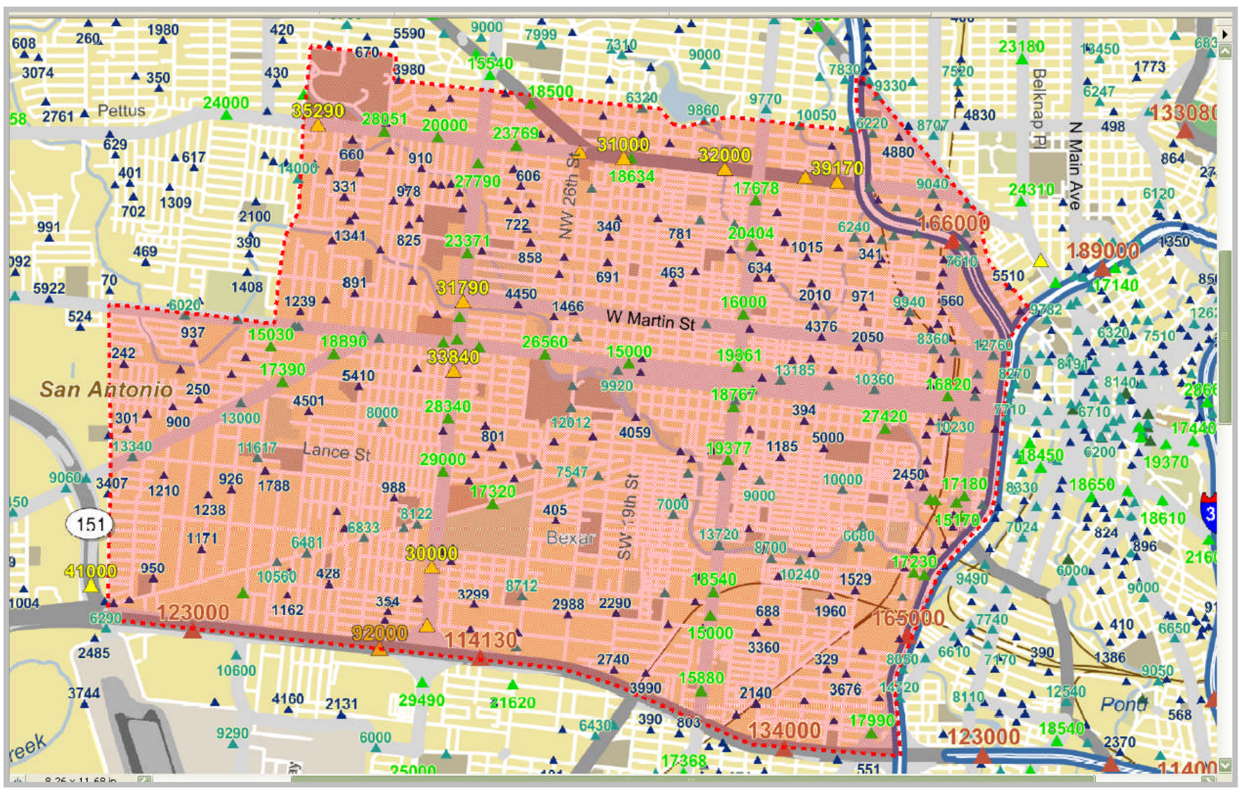
According to the leakage comparison of the WDC study area and the 10-minute drive time analysis there are several industry groups that are both estimated to be experiencing leakage and remain relatively high on the spending potential index indicators list meaning the area has shown at least 50% of the national average spending for that particular product or service.

The first product or service is clothing and clothing accessories stores. In the 10-minute drive time analysis we see that clothing and clothing accessories stores do not reflect leakage indicating nearby retailers just outside of the WDC boundaries are absorbing market demand. However, when the volume of convention and visitor industry related consumers Rivercenter Mall absorbs annually, it is estimated the volume clothing retailers are not truly experiencing a surplus. Rather expenditures are being inflated by a national market purchasing at Rivercenter Mall.

There is significant opportunity for low margin, high volume discount clothing retailers with clothing options for the entire family. An example would be a retailer such as Fallas Paredes. This type of enterprise would be able to take advantage of family based spending patterns, volume and proximity of customers. With a large enough space on a prominent corridor centrally located in the WDC this could be viable if all other environmental variables (crime, vandalism) could be managed.

Other spending patterns and product and service gaps that are complimentary to the dominant Community Tapestry market segment (Southwestern Families) and appear to have a consumer market within a 10-minute drive time of the WDC are electronics and appliance stores, home furnishing stores.

Electronic and appliance stores represent a $4.8 million retail gap and coincide with the Southwester Families market segment propensity to spend on family or home entertainment electronics such as camcorders or video game systems. Furniture stores, while not appearing to rank very high on WDC study area Spending Potential Index does represent an estimated $10.7 million leakage within a 10-minuted drive time thereby illustrating a potential opportunity to draw in outside consumers. Similar to clothing retailers the key for both furniture and electronics retailers would be higher volume lower margin products. Additionally, with larger ticket items such as furniture and electronics, credit terms such as rent to own, or other payment



Map 5: WDC Traffic Counts

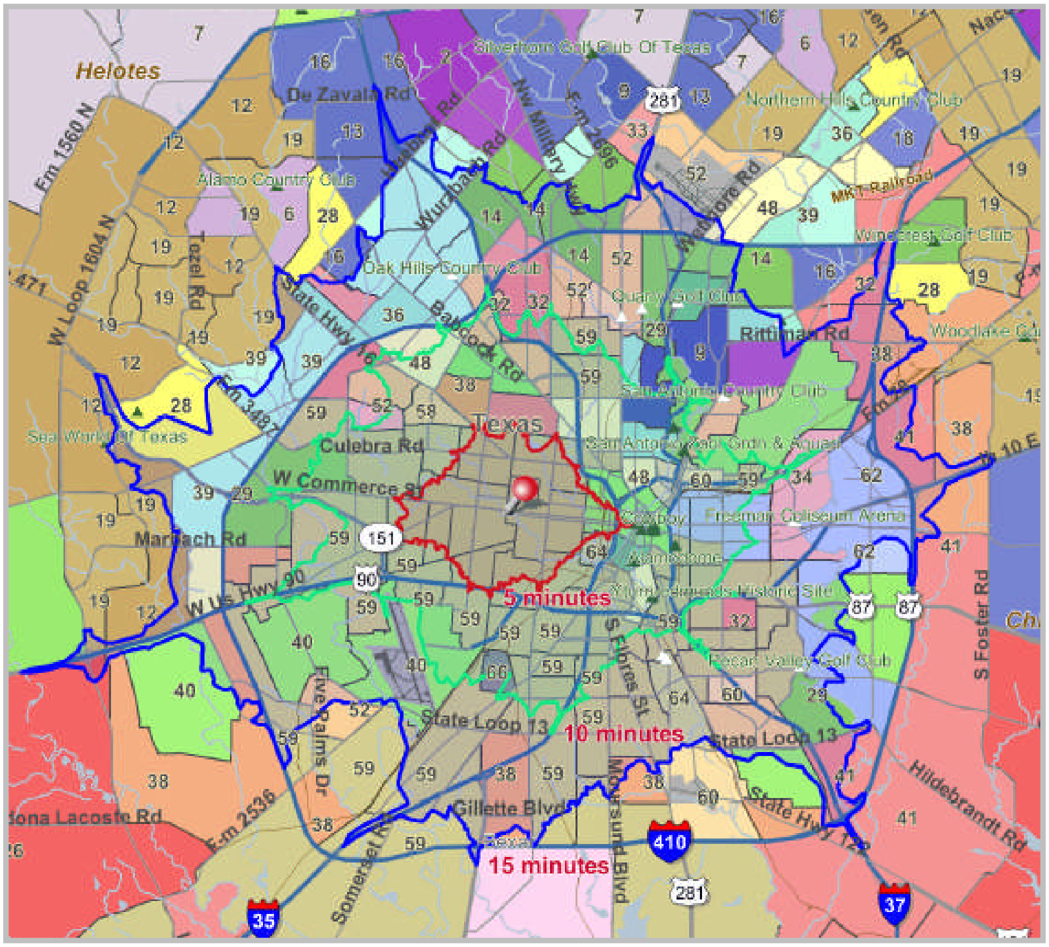
arrangements would have to be core to the business model.

The second tactic in a potential retail development strategy involves corridor development to maximize the traffic in and around the WDC and focusing on consistently drawing in wealthier consumer market segments into the area to patronize WDC businesses. The market segments surrounding the WDC are comparatively small but wealthier and can access the WDC in a matter of minutes. While the volume of consumers is still by far still the Southwestern Families market segment there is a contingent that illustrates a higher net worth, and more diverse spending pattern. In addition to the more diversified residential market segments just outside the WDC the convention and tourism visitors market is a huge market of over 20 million visitors a year. This represents a seasonal market opportunity that can be capitalized in a variety of ways.

As illustrated by the traffic counts in two corridors stand out from not only the WDC study area but the surrounding areas. The most traveled corridor in the WDC are General McMullen traveling North from Hwy 90 to W. Martin St. and Culebra traveling west from IH 10 to St Mary’s University. Traffic counts in these areas reflect a large commuter presence and high visibility for new retail or event offerings. Traffic counts are predictably high for IH 35 near UTSA as well.

In order to maximize the possibility of leveraging external consumer expenditures a varity of strategies should be considered. Promotion of a festivals or events to draw in external consumers should include a consistent focus on attracting nearby pockets of desireable tapestry segments. Promotion of community events or new businesses should be done in conjunction with one or all of the universities to egage students. Stong partnerships

Map 6: Market Segmentation of Surrounding Areas



should be forged with with downtown hotels and cultural events planned coinciding with peak tourism cycles. According to the Convention and Visitors Bureau the peak 6 months for visitor markets are July, March, June April, May, and October.

(7) Pursue the development of a business incubator or business park near the downtown area and the UTSA downtown campus focused on creative businesses

There has been much research done showing that most employment and economic growth is driven by the creation of new businesses and their growth (Nivin, Schumpeter, small business researcher). It has been estimated that 80-90% of employment growth in San Antonio comes from the creation of new businesses or the growth of existing businesses.[46] In order to fuel this economic engine in the WDC area,

[46] Source: Calculation by Steve Nivin, Ph.D., Economic Analysis and Coordination Division, Economic Development Department, City of San Antonio.

it is recommended that a business incubator or business park near downtown and the UTSA campus be pursued. While the incubator or park may welcome any type of business, it should focus on creative businesses, such as media companies, public relations firms, advertising agencies, marketing firms, architecture firms, and other types of creative firms that service businesses in the downtown area and elsewhere.

This location and focus on creative businesses are recommended because the location has certain advantages and provides synergies with the creation and growth of creative businesses. The main clientele of many of these creative businesses will be other businesses, so being located near the central business district may help them grow. Furthermore, the companies would be near the services of the Small Business Development Center at UTSA and the Small Business Division within the Economic Development Department of the City of San Antonio, and to the extent any of these companies have a technology orientation, they will be near the services of SATAI. Thus, such a location provides the companies with convenient access to many of the small business services that can help them get established and be successful. Lastly, the UTSA School of Architecture is located at the UTSA downtown campus, so to the extent that having a business incubator or business park nearby will facilitate spin-off companies out of UTSA, it will help foster entrepreneurial activity and employment growth within the area. Company creation out of the other universities in the area should also be encouraged, and having these support facilities in close proximity should foster that activity.

(9) Encourage the universities to get more deeply involved in the economic development of the area

The case study on the economic development efforts of Marquette University provide a model example of the impact that a university can have on the revitalization of the neighborhoods surrounding the school. Marquette's efforts have led to a mixed-use development that has helped attract new businesses to the area and retain others, rehabilitated numerous housing units, lowered crime, and achieved other successes that have fostered the revitalization of the area. Examples of other successful revitalization efforts led by colleged and universities are given in a joint study by Initiative for a Competitive Inner City (ICIC) and CEOs for Cities titled "Leveraging Colleges and Universities for Urban Economic Revitalization: An Action Agenga." This report also provides a list of action items for universities to pursue which includes:[47]

1. Create an explicit urban economic development strategy focused on the surrounding community. The strategy should mobilize the multiple ways in which colleges and universities can create economic impact and ultimately advance their own interests.

[47] Source: "Leveraging Colleges and Universities for Urban Economic Revitalization: An Action Agenda," Joint Study by Initiative for a Competitive Inner City and CEOs for Cities, pp. 9-10.

- President Rupp of Columbia University initiated an economic development strategy to channel more university purchasing and contracting to businesses in Upper Manhattan.

2. Include meaningful community participation and dialogue in formulating this strategy.
3. Charge specific departments and offices with explicit economic development goals.
    - The University of Pennsylvania and Columbia University, for instance, incorporated explicit economic development goals for purchasing departments. At Penn, purchasing staff performance evaluation is in part based on meeting local purchasing goals.
4. Create a high-level coordinator to oversee and advance the effort.
    - To ensure continuity and political support, a college or university president should create a coordinator to implement the institution's economic development strategy. This person should be directly accountable to the president. For example, at the University of Illinois at Chicago, its Great Cities community engagement program was initiated and grew rapidly because there was a special assistant to the chancellor in charge of coordinating the entire program.
5. Deploy college and university leadership to serve on the boards of business associations, community organizations, and public-sector bodies.
6. Think long-term.
    - While there may be short-term, quick hits that help set relationships on the positive path, most economic development takes a long period to show results. To have meanignful impact, some university leaders interviewed suggested taking a 10-year view.

The WDC area is blessed with the presence of three university campuses, and to some extent, these universities have been engaged and are getting more involved in catalyzing economic development around their respective campuses. St. Mary's University has established a Neighborhood Revitalization Task Force, Our Lady of the Lake University is looking at the possibility of developing some properties around their campus, and UTSA's investment in their relatively new downtown campus has certainly improved a portion of the far eastern section of the WDC area. Even with these spectacular efforts, there is still more that the universities can do to foster development in the area.

There are certainly suggestions within the list from the ICIC and CEOs for Cities report that are applicable to the universities within the WDC area. The following list of recommended action items pulls from the aforementioned report and includes some additional recommendations.

1. Create an economic development strategy for the area around the university in coordination with the development plans of the WDC, other universities, and any other organizations who might also have such plans.
2. Create a high-level position to oversee and implement the economic development strategic plan.
3. Hire from the WDC area – This is not suggesting that the universities only hire from the WDC area. It is suggesting that before the universities seek employees from outside of the area, they first look inside the area to see if there are any qualified candidates.
4. Purchase from WDC businesses – To the extent possible and where economically feasible, the universities should consider purchasing their goods and services from WDC area businesses. If a business does not exist in the area to provide certain goods and services, the fact that the universities will purchase from a neighborhood business may encourage an entrepreneur to start a business to fill that need. Furthermore, the universities could provide some counseling and support services to help the entrepreneurs start such businesses.
5. Business counseling – The universities already engage in these activities, but coordination of these efforts with the programs previously mentioned to create new businesses and help current business within the WDC area grow would be very beneficial to these programs.
6. Business spinoffs – As new technologies and intellectual capital are developed by professors, some may have an interest in commercializing their research and development. This could potentially be a good source of new businesses for the area. These businesses could feed into an incubator or business park as previously discussed.
7. Support the development of an incubator or business park
8. Provide basic financial training – During the research for the Finance San Antonio project, it was learned that many people in this area and across San Antonio lack basic financial knowledge and skills and do not have a high level of comfort or trust of financial institutions. Given the relatively low level of incomes in the WDC area, having knowledge of how the banking system works, maintaining a checking account, buying a house, and other basic financial transactions could increase their disposable income and enhance their standard of living. Furthermore, improvign the knowledge of base of the people in this area will possibly increase the entrepreneurial activity in the area, as it is difficult to start a business without being engaged in the financial system. OLLU has a successful program to provide such training, so it is recommended that this program continue and even expand if possible.
9. Land assembly – Some of the successful economic development programs implemented by universities throughout the country have purchased property and redeveloped it to the benefit of both the neighborhood and the school. Understanding that the financial resources of the universities in the WDC area

may not make this feasible, engaging in land assembly in partnership with other development organizations such as the WDC may achieve the same goals.

10. Encourage faculty and senior administrators of the universities to participate on the boards of local companies and community organizations.
11. Provide more arts programming, if feasible, and more actively market the arts and sports events to the community – As centers of arts and sporting events in the area, the universities can add to the quality of life of the WDC area and help further develop the area into a cultural center for the entire city by more aggressively marketing their events to the community and encouraging people from around the region to attend. This will also help to attract more people to the area, making it more attractive to retail businesses.
12. Conduct research to support the various economic development initiatives in the area.

The universities are some of the largest employers and economic generators in the area, so even if they only implement a portion of these actions, they can have a significant impact on development within the area. Some of these recommendations can be implemented with minimal or cost and others will obviously require a substantial amount of money, but this is a long-term effort which provides the time necessary for the implementation of some of the more expensive recommendations.

(9) Create more festivals and events to attract people to the area

As already discussed, it is going to be necessary to enhance the market for retail in order to attract more of these services to the WDC area. Many of the aforementioned recommendations address this issue by attracting more people to the area as the programs become successful. Another method for achieving this is to host more festivals and events and collaborate with other WDC area organizations that already host festivals and events to increase attendance by tourists and residents within the metropolitan area. This not only has the benefit of attracting more money into the area, but it heightens the reputation of the area as a cultural center within the region.

(10) Investigate developing closed schools and other facilities into live/work spaces for artists and other creative businesses

Redevelopment projects in cities such as Buffalo, Houston, Minneapolis, Pittsburgh, Chicago, Austin, Duluth, MN, and others have been successful in taking dilapidated warehouse and other similar spaces and converting them into successful live/work spaces for artists and other creative businesses. Artspace is a leading nonprofit developer of these types of spaces, and other similar organizations probably also exist. It is recommended that an organization like Artspace be engaged to look at the possibility of developing some of the closed schools, warehouses, and other similar spaces within the WDC area. This strategy is synergistic with the recommendations to implement an artist relocation program, pursue mixed-use developments, and create an artisan village.

(11) Enhance/develop the amenities of the WDC area

Many of the strategies recommended focus on developing the creative economy and attracting artists and other creative talent to the WDC area. Incentives such as those discussed in the section on the artist relocation program have shown to be successful in attracting artists in need of areas that are in need of revitalization, but many of these creative workers prefer to live and work in areas with certain amenities.[48] Furthermore, it is well documented that many workers, particularly those of the younger generations, will seek employment in areas they want to live rather than choosing to live where they can find employment.[49] As Markusen states, "And what about amenities, which loom so important in recruiting and reataining talented people like artisits? 'Soft' expenditures on environment, parks and viable, diverse neighborhoods are an ingredient in this mix, too, as Jane Jacobs…taught years ago."[50] Enhancing the amenities will also have the additional benefit of helping to attract new companies to the area.

The data and anecdotal evidence indicate that as residents of the WDC area achieve higher income levels, they will often times leave the area to reside in more affluent parts of the city with more readily available amenities. Thus, by improving the amenities of the WDC area, there is an increased chance that these people will stay within the area because the desired amenities are available to them.

So, what amenities need to be enhanced or developed? For these purposes, "amenities" has a fairly broad interpretation. The WDC area has some nice amenities upon which to build. Two of the more promising amenities are Woodlawn Lake and the lake at Our Lady of the Lake University. These are nice features that in partnership with some of the WDC partners could be enhanced to become centers of outdoor recreation. Enhancements such as public art, recreational features and activities, festivals, and outdoor markets such as a farmers market could be invitations to people within the neighborhood as well as outside the neighborhood to visit the lakes on a regular basis.

Improvements to other parks in the area and adding more green space with biking and jogging trails connecting some of these parks, if possible, are all amenities

---

[48] Richard Florida, *The Rise of the Creative Class*; Markusen

[49] In our economic development experience, this has certainly been the case with talent who works in the information technology and creative industries. Richard Florida also discusses this in *The Rise of the Creative Class*.

[50] Ann Markusen and David King, July 2003, "The Artistic Dividend: The Arts' Hidden Contributions to Regional Development," p. 20.

that attract creative and other workers. Other suggested amenities that could be enhanced or developed include:

- Improvements to the road infrastructure
- Addition of sidewalks in some neighborhoods
- Addition of jogging and biking trails
- Development of retail services
- More public art
- Affordable sports programs
- More arts studios and galleries

Obviously, this is not an exhaustive list, but the point is to develop the WDC area into a place where people want to live because all of the required amenities are present making the WDC area the cool or hip place to live and hangout.

(12) Develop housing programs

The data indicate that the homeownership rates in the WDC area are somewhat comparable to other areas in San Antonio as well as the entire city. However, it is projected that homeownership rates in the WDC area will decline slightly by 2012. Furthermore, the housing stock in the area is relatively old and, in many cases, in need of repair.

It is recommended that the housing programs focus on getting people into homes they own through training programs on how to buy a home and homeownership basics; and loan and/or down payment assistance programs tailored for the type of financially responsible person who resides in the WDC area.

(13) Work with MetroHealth and the many other healthcare providers in the area to improve the health of the WDC population, including the creation of Health and Wellness Centers and other initiatives as developed by these organizations

The data indicate that residents of the WDC are having health problems at a younger age than the general population. The 2003 Commonwealth Fund Biennial Health Insurance Survey[51] results estimate that out of a worker base of adults age 19 to 64 there is, in 2003, $260B in lost economic output per year due to worker health problems, sick days and reduced productivity. This number equates to roughly 2.4% of the gross domestic product for the U.S. Efforts to address wellness issues within a population will help to increase worker productivity and yield economic payoffs for employers and the larger population. It is imperative, then, that the health issues of the

[51] Karen Davis, Sara R. Collins, Michelle M. Doty, Alice Ho, and Alyssa Holmgren, "Health and Productivity Among U.S. Workers", August 2005, Commonwealth Fund pub. #856

WDC area be addressed in order to create a strong foundation for economic development into the future.

Conclusion

This report has shown that the Westside Development Corporation area is economically depressed with a relatively young population who have attained low education levels, make low incomes, and live in older homes with relatively low values. However, it is also an area that is home to three universities, many arts and cultural assets, and numerous parks. These assets, among others, provide a strong base for economic development. Thus, while there are certainly many challenges, there also exists much opportunity. In this report, recommendations have been given that address these challenges and build upon the area's assets, which will help lay a solid foundation for economic development for many years to come. This will be a long-term process with many short-term and intermediate successes along the way, but it will be an exciting journey that will lead to an economically vibrant Westside.